



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

DATE: MONDAY 26, MAY 2025

MARKING GUIDE AND MODEL ANSWERS

SECTION A

Marking Guide

QN	Marks	QN	Marks
1	C	26	B
2	D	27	D
3	B	28	C
4	A	29	D
5	B	30	C
6	C	31	D
7	C	32	D
8	D	33	B
9	C	34	A
10	C	35	A
11	C	36	B
12	C	37	A
13	C	38	C
14	A	39	C
15	A	40	C
16	D	41	A
17	D	42	C
18	C	43	C
19	C	44	B
20	B	45	D
21	B	46	D
22	C	47	B
23	D	48	C
24	D	49	D
25	C	50	D

2 marks for a correct answer

(Total: 100 Marks)

Model Answers

1. The correct answer is C

The correct answer is C, because the principle of confidentiality states that members must respect the confidentiality of information acquired through business relationships and must not disclose such information without proper and specific authority, unless there is a legal or professional right or duty to disclose. Therefore, the correct statement is the duty of confidentiality is a legal obligation.

The option A and B are not correct answers as the duty of confidentiality is not an absolute ethical obligation and cannot be overridden in the public interest unless there is professional duty to disclose in public interest for example disclosure to protect the member's professional interest in legal proceedings and the option D which is None of the above is not the correct answer as the right option is available.

2. The correct answer is D

The correct answer is D. A public sector Accountants should not express their personal political views is not a general principle that applies to political neutrality as accountants have the same rights of political expression outside the workplace, and in their own time, as ordinary members of the public. However, public sector accountants, like any other accountants, should not act in a way that will bring their employers, or the profession, into disrepute.

The rest of option A, B and C are not the correct options as they are general principle that apply to political neutrality such as that it is in public interest for accountants, and other civil servants to be political neutral, An accountants professional duty is to provide fair and honest advice, regardless of their political views and Accountants in public sector need to keep their personal political views separate from their jobs.

3. The correct answer is B

The correct answer is B, because openness is one of the seven principles of public life which states that decision should be taken in an open and transparent manner unless there are clear reasons for not doing so.

The option A and C are not correct as leadership principle means that holders of public offices should challenge poor behaviour when it occurs and should promote and support the principle by setting a good example whereas honest is being truthful and not acting in a manner intended to mislead or deceive others and the option D which is None of the above is not the correct answer as the right option is available.

4. The correct answer is A

The correct answer is A, because external whistleblowing should be a last resort option. The principles of confidentiality and loyalty are important to the profession. Before getting to the external whistleblowing, it is advisable to take third party advice e.g. contacting a professional body or taking legal advice. Therefore, external whistleblowing should be a last resort option.

The option B and C are not right option as external whistleblowing should not be a last resort option and internal whistleblowing should be a last resort option is not correct and the option D which is none of the above is not the right option as the right option is available.

5. The correct answer is B

The correct answer is B because International Accounting Standards Board (IASB) is professional body which is responsible for developing international financial reporting standards (IFRS's) which listed companies in Rwanda have to use as the basis for their financial accounts.

The rest of the options A, C and D are not the right options as International Federation of Accountants (IFAC) is the international body representing all major accountancy bodies across the world. Its mission is to develop the high standards of professional accountants, International Ethics Standards Board for Accountants is responsible for publishing the code of ethics for professional accountants, IESBA 2016 and financial reporting council is responsible to monitor the development of international accounting and auditing standards and International Federation of Accountants (IFAC) is the international body representing all major accountancy bodies across the world. Its mission is to develop the high standards of professional accountants.

6. The correct answer is C

The correct option is C. The CPD program is designed to update members with cutting-edge topics in the profession and hence promoting the principle of professional competence and due care.

The rest of options A and B are not correct answers as to uphold confidentiality and objectivity in the profession and to demonstrate high level of integrity in their performing daily activities is not among the requirements for fulling CPD and the option D which is None of the above is not the correct answer as the right option is available.

7. The correct answer is C

The correct answer is C. Sensitivity is not among the key business values associated with ethical behaviour. Rather it is among the qualities that are being used in deciding what constitutes appropriate behaviour in any given situation and acting appropriately and behaving in ethical manner requires sensitivity. Thus, sensitivity essentially means respecting another's right to confidentiality and privacy.

The rest of options; A, B and D are not the correct answers as they are key business values associated with ethical behaviour which are: Truth, Transparency and Responsibility.

8. The correct answer is D

The correct answer is D since all the stated options are among the main reasons that trigger the introduction of a code of conduct within an organisation. The code of conduct helps in achieving organisational value and culture, helps to act properly in achieving organisation's mission and objectives and helps in balancing company's returns and stakeholders' expectations.

The rest of options; A, B and C are not the correct answer(s) as they list few reasons for introducing code of conduct in an organisation.

9. The correct answer is C

The correct option is C. Honesty is one of the seven principles of public life which states that holders of public office should be truthfully and should declare any private interest which could create conflict of interests in their public duties.

The option A is not right as accountability states that holders of public office are accountable for decisions, actions and to whatever scrutiny is appropriate to their office.

The option B is not the right option as openness is one of the seven principles of public life which states that decision should be taken in an open and transparent manner unless there are clear reasons for not doing so and option D which is none of the above is not the right option as right answer is available.

10. The correct answer is C

The correct statements is C, which states that whistleblowing may sometimes be necessary in order to protect the public interest.

The option A and B are not the correct options, generally, under Law No 35/2012 (Parliament of the Republic of Rwanda,2012) on protection of whistleblowers, before whistleblowing externally, the issue of concern should be discussed internally with the management and if the organisation has an ethics committee, should be approached and you obtain third party advice such as taking legal advice or contacting ICPAR before getting to the whistleblowing stage which is the last resort option, hence a whistleblower should make an external disclosure as a first line of recourse where illegal acts are suspected is not correct and the option D which is none of the above is not the right option as right answer is available.

11. The correct answer is C

The correct statement is C. Defining activities that are criminal in nature is not among reasons why organisations could introduce codes of conduct in workplace as the responsibility for defining

criminal activities rests with the government and the courts, not companies. Any criminal activities would automatically fall foul of an organisational code of conduct.

The rest of the options; A, B and D are not correct options as (i) Promoting business objectives, (ii) Controlling individuals' behaviour and (iii) establishing the organisation's value are the reasons why organisations could introduce codes of conduct in workplace.

12. The correct answer is C

The correct statement is C. The organisation's strategic objectives is not typically be outlined in an organisation's ethical code of conduct.

The rest of the options ; A, B and D are not the correct answers as an ethical code of conduct typically sets out an organisation's values, the behaviours it expects from its staff and explains how it sees its responsibilities towards stakeholders and as well as outlining behaviour which is required of staff (for example, treating clients with courtesy and respect), a code may outline behaviour which is forbidden (for example, sexual harassment). Although having a code of conduct may help an organisation improve its strategic position or reputation, the code itself will not typically include the organisation's strategic objectives.

13. The correct answer is C

The correct answer is C. Managers are example of internal stake holders not external stakeholders.

The rest of options; A, B and D are not the correct answers as suppliers, customers and investors are examples of external stakeholders. Those have interest in the organisation but who do not work within the organisation.

14. The correct answer is A

The correct answer is A. Professional misconduct as members who fail to comply with the Institute's CPD requirements may be deemed guilty of professional misconduct.

The rest of options; A, B and D are not the correct answers as gross professional misconduct, professional negligence, breach of contract are not the reasons why Uwera may be investigated by the ICPAR for failing to comply with the CPD requirements and not sanction that ICPAR imposes upon its members.

15. The correct answer is A

The correct option is A. An auditor who has been offered a gift which is significant in value of FRW 60,000,000 for having given client a clean audit opinion would breach duty, and hence receiving gifts and hospitality from parties who have an interest in the accountant's work could present a threat to the accountant's independence and objectivity. If the value of a gift is high, the gift could be seen as a bribe.

The rest of the options; A, B and D are not the correct answers the gifts were received in the normal course of business and thus if an accountant receives a gift in the normal course of a company's public relations and marketing activities, and the gift is not significant in value, there is no specific intention to influence the accountant's decision making or professional judgement. Therefore, it would be appropriate for the accountant to accept the gift in such circumstances value and will influence the accountant's judgment.

16. The correct answer is D

The correct answer is D. which is all of the above as it is important to note that there are certain services that an accountant cannot legally offer unless they are authorised to do so by the relevant regulatory body (eg iCPAR in Rwanda). These services, known as 'reserved areas'.

The rest of options A, B and C are not the correct answers as they list few examples of reserved areas services that an accountant cannot perform unless they are authorised to do so by the relevant regulatory body (eg ICPAR in Rwanda).

17. The correct answer is D

The correct option is D, which is all of the above as (i) Assign appropriate time and staff to the task, (ii) Making the client aware of the terms of the engagement, (iii) Ensure they do not compromise the quality of services provided and (iv) Explain the basis on which fees are charged are the factors to consider in determining fees to be charges to the client.

The rest of the options; A, B and C are not correct answers as they few examples to consider when determining fees to be charges to the client.

18. The correct answer is C

The correct option is C. Responsibility means that in the work place you should take ownership of your work.

The rest of the options A and are not correct answers as courtesy means that you should conduct yourself with courtesy and consideration towards the clients and colleagues and respect means that as an accountant, you should respect others by developing constructive relationships and recognising the values and rights of others and the option D which is None of the above is not the right answer as right option is available.

19. The correct answer is C

The correct option is C, acting on behalf of the client that is in dispute with a third party is not an example of specific threats affecting self-interest threat category but rather it is an example of advocacy threats.

The rest of the options A, B and D are not the correct answers as they are examples of specific threats affecting self-interest threat category.

20. The correct answer is B

The correct answer is B, which list all possible safeguards against the threat of profession competence. The safeguards are (i) Getting help from someone with the relevant knowledge (ii) Obtaining more time to complete the work and (iii) Obtaining additional advice or training.

Accountants must only undertake tasks that they are competent to perform, or where they have access to the necessary supervision or training which enables them to perform those tasks competently. This is necessary to comply with the fundamental principle of professional competence and due care. Due care means that having agreed to do a task you have an obligation to carry it out to the best of your ability.

The rest of options A, C and D are not correct statements as they right and wrong answers which are not the safeguard o threat of professional competence and due care.

21. The correct answer is B

The correct option is B. The Grace's decision demonstrates the openness principle which states that decision should be taken in an open and transparent manner in public life unless there are clear reasons for not doing so.

The rest of the options A and B are not correct answers as selflessness means that 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 whereas Leadership principles states that holders of public office should challenge poor behaviour when it occurs and should promote and support the principles by setting a good example and the option D which is None of the above is not the right answer as right option is available.

22. The correct answer is C

The correct option is C. Accountability and objectivity are the pairs of principles of behaviour included in the seven principles of public life. The seven principles of public life are: Selflessness, Leadership, Openness, Integrity, Accountability, Honesty, and Objectivity.

- Accountability: Holders of public office are accountable for decisions and actions and are subject to whatever scrutiny is appropriate to their office.
- Objectivity: Decision should be taken impartially, fairly on merit, without discrimination or bias.

The rest of the options; A and B are not correct answers as they include reliability and confidentiality which are not among the principles of behaviour included in the seven principles of public life and the option D which is None of the above is not the right answer as right option is available.

23. The correct answer is D

The correct answer is D, which is all above as it combines all correct answers which are examples of where confidentiality need to be protected and these include:

- Information shared with the explicit instruction that it has to be kept private or confidential
- Information shared within a professional or client relationships
- Information that is restricted or classified within an organization's information system. Marked private, confidential or for authorized individuals only
- Information protected by date protection and personal privacy law
- Information that could be against the interests of the organization or an individual

The rest of option A, B and C are not the correct options as they list few examples of where confidential information needs to be protected.

24. The correct answer is D

The correct answer is D, which is Voluntary disclosure to a regulator is not circumstance in which accountant is required by law and a legal duty to disclose confidential information but rather it is a circumstance of where the disclosure is permitted by law and authorised by the client or employer.

The rest of options A, B and C are not the correct options as circumstance in which accountant is required by law and a legal duty to disclose confidential information.

25. The correct answer is C

The correct answer is C, which is a combination of A and B which list all answers because as the general rule of confidentiality is that accountant must not disclose information about their client's or employer's affairs and use confidential information acquired through their work to the accountant's or a third party's advantage.

The rest of options; A and B are not correct options as they list few examples whereas per general rule of confidentiality of what accountant must not do and the option D which is None of the above is not the right answer as right option is available.

26. The correct answer is B

The correct answer is B. Disclosure is required by a public authority (RRA), so Consolee has a legal duty to disclose the information requested.

The rest of the options A, C and D are not the correct answers for Consolee to disclose the information of the client under that circumstance.

27. The correct answer is D

The correct answer is D, which is all above as it lists all the factors to be considered in disclosing confidential information which are:

- How reliable is information
- Who is the appropriate recipient of the information?
- Will you incur legal liability by disclosing the information?
- How can you protect the on-going confidentiality of the information as far as possible

The rest of options; A, B and C are not correct answers as because they list few examples of factors to consider in disclosing confidential information.

28. The correct answer is C

The correct answer is C. When an Accountant discloses information about a former employer after resigning from their job will result in the breach of duty of confidentiality as the duty of confidentiality doesn't end at the termination of an employment relationship (or at the end of an accountant–client relationship).

The rest of the options; A, B and D will not breach the duty of confidentiality as an accountant should only disclose confidential information when disclosure is permitted by law and authorised by a client (Option B), required by law (Option A), or if they have a professional duty or right to disclose it (Option D).

29. The correct answer is D

The correct option is D. Competence is not among the seven principles of public life.

The rest of options; A, B and C are among the seven principles of public life which are: Selflessness, Leadership, Openness, Integrity, Accountability, Honesty, and Objectivity.

30. The correct answer is C

The correct answer is C. Accountants must not bring the profession into disrepute when marketing their services. This includes being honest and truthful and not making exaggerated claims for the services offered, qualifications or experience, and not making disparaging references or unsubstantiated comparisons to the work of others.

The rest of the options A, B and D are not the correct answers as (i) Making exaggerated claims for the services offered (ii) Making disparaging references or unsubstantiated comparisons to the work of others are not the legitimate reasons for advertisement by professional firms used in marketing professional services and advertise their services to the public and to businesses and the option D which is None of the above is not the right answer as right option is available.

31. The correct answer is D

The correct answer is D. All of the above which are: professional negligence, breach of contract and fraud accusation are the types of professional misconduct could be faced by an accountant who fails to act with professional competence and due and is not up to date with legislation and regulations as failing to work with professional competence and due care can result in accusations of professional negligence and breach of contract.

In addition, there could be criminal accusations of fraud and money laundering if the accountant is not up to date with legislation and regulations.

The rest of the options; A, B and C are not the correct answers as they list few examples of the types of professional misconduct could be faced by an accountant who fails to act with professional competence and due and is not up to date with legislation and regulations.

32. The correct answer is D

The correct answer is D, which is breach of integrity, the member should refuse to comply. If the member complies with the request, they will become associated with the supply of misleading information, which constitutes a breach of the fundamental principle of integrity. Therefore, the member should refuse to comply with the request as no employer can force a member to breach their code of professional ethics.

The rest of the option A, B and C are not the correct answer demonstrated by the request of the line manager to manipulate the management accounts to give a more favourable result.

33. The correct answer is B

The correct answer is B, as the principle of integrity states a member shall be straightforward and honest in all professional and business relationship.

The rest of the options; A, C and D are not the correct answers as the principle of professional behaviour states that members must comply with relevant laws and regulations and avoid any action that discredits the profession, whereas the principle of objectivity states that decision should be taken impartially, fairly on merit, without discrimination or bias and the principle of professional competence and due care states ta members must maintain professional knowledge and skills at the level required to ensure that a client or employer receives the competent professional services based on current developments in practise, legislation, and techniques.

34. The correct answer is A

The correct answer is A. Perform the work in the client or employer's best interest is not included under the principles of professional behaviour but rather is included under the principles of professional competence and due care.

The rest of the option B, C and D are not the correct answer as they are included in the principles of professional behaviour.

35. The correct answer is A

The correct answer is A. Professional competence and due care is most at risk here, because Mugisha has been reckless in preparing the financial statements without having sufficient information.

The rest of the option B and C are not correct answers as they are not the ethical principles that are mostly likely to be threatened in this situation however (Integrity could also be threatened here, if Mugisha hasn't been honest with the client about the circumstances in which the statements were prepared. But 'integrity' isn't one of the options here). Acting in this manner can also breach the principle of professional behaviour, because it could bring disrepute to Mugisha and the accounting professional, including iCPAR – since Mugisha is an iCPAR member. and the option D which is none of the above is not the correct answer as right option is available.

36. The correct answer is B

The correct answer is B. Ronald Muneza failed to demonstrate ethical quality of honesty which is all about being truthful and not acting in a manner intended to mislead or deceive others.

The options A and C are not the correct answer as professional behaviour states that members must comply with relevant laws and regulations and avoid any action that discredits the profession whereas the principle of objectivity states that decision should be taken impartially, fairly on merit, without discrimination or bias and the option D which is none of the above is not the correct answer as right option is available.

37. The correct answer is A

The correct answer is A because since the unethical act involves someone at senior level of management, the appropriate course of action is to report the case to the Managing Partner for follow up and action.

The option B, C and D are not correct answers since unethical acts should be reported to a next level of management before taking it to board committee.

38. The correct answer is C

The correct answer is C. Integrity is relevant here. This is because the partner is not being honest in allowing an inflated invoice to be sent to the client.

The option A, B and D are not correct answers since they are not the fundamental ethical principles that are mostly at breach in this circumstance.

39. The correct answer is C

The correct answer is C, Self-interest is the threat that could affect William's ability to comply with fundamental ethical principles since he has a direct financial interest in a client (10% shareholding). Self-interest is a threat that arises from auditors acting in their own interest. Self-interests include auditors' emotional, financial, or other personal interests. Auditors may favour, consciously or subconsciously, those self-interests over their interest in performing a quality audit.

The option A and B are not correct answers as a self-review threat is created where an accountant does not appropriately re-evaluate his/her own or a colleague's work, when relying on it to perform current service. (For example, an audit firm preparing original data used to generate financial statements which it then audits) whereas an intimidation threat occurs when there is threat of dismissal, replacement, or litigation respect of an engagement, pressure to agree with the judgement of an employee of the client who has more expertise on specific matter and pressure to reduce the quality of your work in order to keep fees down and the option D which is none of the above is not the correct answer as right answer is available.

40. The correct answer is C

The correct answer is C, because there is no legal obligation to follow the code of ethics. The code of ethics provides members with guidance on the standards of behaviour that are expected of them, but the code itself is not legally binding.

The rest of the options A, B and D are not the correct answers as they are among the reasons why ICPAR members should follow ICPAR professional Code of Ethics.

41. The correct answer is A

The correct option is C. Leadership principle is one of the seven principles of public life which states means that holders of public offices should challenge poor behaviour when it occurs and should promote and support the principle by setting a good.

The rest of options A and B are not right options as selflessness means that 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 whereas honesty is that holders of public office should be truthfully and should declare any private interest which could create conflict of interests in their public duties. and the option D which is none of the above is not the correct answer as right option is available.

42. The correct answer is C

The correct answer is C because Muhoza did not demonstrate the principle of competence and due care since he has not developed new skills on the accounting standards that were newly published. The option A and B are not correct answers because integrity and confidentiality are not the

principles under breach here and the option D which is none of the above is not the correct answer as right option is available.

43. The correct answer is C

The correct answer is C. Acting fairly means treating others equally by considering mutual respect and open communication.

The option A and B are not correct as integrity is all about being straight forward and honest in business and professional relationships and honest is being truthful and not acting in a manner intended to mislead or deceive others and the option D which is none of the above is not the correct answer as right option is available.

44. The correct answer is B

The correct answer is B because confidentiality is relevant here as confidential client information should not be released in this way without client consent. The confidentiality principle also applies to past and present clients' information.

The option A and B are not correct answers because integrity and professional competence and due care are not the principles under breach here and the option D which is none of the above is not the correct answer as right option is available.

45. The correct answer is D

The correct answer is D, because the threat here is that the offer to pay the accountant could inappropriately influence the accountant's judgement or behaviour. This is an example of a self-interest threat.

The rest of the option A, B and C are not correct answers as confidentiality is the fundamental ethical principles being threatened, not the threat itself and the Familiarity and Intimidation threat are not threatened in this situation.

46. The correct answer is D

The correct answer is D. A list of the laws and regulations that apply to the company is not among the items to be included in a corporate code of ethics for a company that buys products and raw materials from a large number of suppliers, including some in foreign countries. Although a corporate code of ethics may refer to applicable laws and regulations, it would not necessarily list all those that the company has to comply with. Corporate codes of ethics usually represent statements of standards relating to a range of stakeholders – including customers, employees, and suppliers.

The rest of options are not correct answers as they are among the lists that are identify by the corporate codes of ethics.

47. The correct answer is B

The correct answer is B, the least appropriate for Pierre to consult for advice is family Members. when he discusses the ethical dilemma with family members may cause him to breach duty of confidentiality.

In general, a professional Accountant should first discuss the issues within the employing organisations before disclosing the issues to third parties.

The option A, B and D are not the correct answers as discussing the ethical dilemma with his line supervisor is most appropriate action to take and it not advisable to escalate to appropriate authority like ICPAR without having an internal discussion with line supervisor and the management. Professional accountants are usually advised to follow internal procedures within organisation in first instance.

48. The correct answer is C

The correct answer is C. Intimidation threat because the manager's threat may cause the accountant to change their behaviour, and as a result may prevent the accountant from applying the standard correctly.

The option A, B and C are not the correct answers as they are not threats described in this situation.

49. The correct answer is D

The correct answer is B. Integrity has failed to demonstrated integrity as qualities of ethical behaviours and behaving with integrity means accountants must present information clearly and honestly and should not withhold information. Furthermore, there is a clear need to observe and apply the fundamental principles of integrity (not presenting untruthful or misleading information), confidentiality (not disclosing confidential information), professional competence and due care (preparing and presenting information in accordance with financial reporting and other applicable professional standards), professional behaviour (avoiding action that brings the profession into disrepute), and objectivity (presenting information free from bias or self-interest).

The option A, B and C are not the correct answers as they are not qualities of ethical behaviours has Edson failed to demonstrate in that circumstances as sensitivity essentially means respecting another's right to confidentiality and privacy, Fairness is all about treating other equally and this requires fairness, mutual respect and open communication, as the basis for constructive working relationships and Honesty means being truthful and not acting in a manner intended to mislead or deceive others.

50. The correct answer is D

The correct answer is D, Claver Hirwa is entitled and required to refuse the request of her line supervisor. If you are instructed to take a course of action which you believe to be illegal or unethical, then you are not only entitled but also required to refuse to do it.

The other option A, B and C are not correct as generally when a professional accountant is required to perform action for whom he/she believes to be illegal or unethical, then he/she is entitled and require to refuse.

End of Marking Guide and Model Answers