



ICPAR
Unlimited possibilities

**CERTIFIED ACCOUNTING TECHNICIAN
STAGE 2 EXAMINATIONS**

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

DATE: MONDAY 27, MAY 2024

INSTRUCTIONS:

- 1. Time allowed: 2 hours and 30 minutes**
- 2. This exam has one section only: Section A**
- 3. Section A has 50 Compulsory multiple choices questions equal to 2 Marks each.**
- 4. Question papers should not be taken out of the examination room**

SECTION A

QUESTION ONE

Mutesi is an accountant with ABC Company Ltd and on several occasions, she has heard about the need to keep company's information confidential, though only allowed to disclose in specific particular circumstances; even after she gets another job.

Under what circumstances could a duty of confidentiality most likely be breached?

- A. When she discloses some company information after her resignation
- B. When information is disclosed in response to a formal investigation by (Rwanda Investigation Bureau) RIB
- C. When she has obtained authorisation from the company before disclosing the information
- D. When information is disclosed as evidence in a legal proceeding

(2 Marks)

QUESTION TWO

Uwimana is an accountant and a member of ICPAR. Recently she decided that she will no longer follow ICPAR's requirement for Continuing Professional Development (CPD), as her job has not changed since she qualified.

Which of the fundamental ethical principles is Mutesi at risk of breaching?

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

(2 Marks)

QUESTION THREE

Which among the following pairs of principles of behaviour are part of the seven principles of public life?

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

(2 Marks)

QUESTION FOUR

Holders of public office have a duty to declare any private interests relating to their public duties and take steps to resolve any conflicts arising in a way that protects the public interest.

Which public life principle better describes the above situation?

- A. Integrity
- B. Leadership
- C. Openness
- D. Honesty

(2 Marks)

QUESTION FIVE

Which one of the following best indicates what independence means to an ICPAR member working in public practice?

- A. Independence of appearance
- B. Independence of mind
- C. Independence of both mind and appearance
- D. None of the above

(2 Marks)

QUESTION SIX

Accountants in practice face a number of risks when it comes to issues to do with cash including the risk that an accountant holding a client's money may be accused of 'dishonestly appropriating' that money by transferring it into his or her own bank account.

Which type of risk would such an accountant be most likely to be accused of?

- A. Theft
- B. Bribery
- C. Money laundering
- D. None of the above

(2 Marks)

QUESTION SEVEN

Referring to Question 6 above, what are some of the safeguards an accountant should put in place for handling clients' monies.

- A. Separation, Responsibility and Refund
- B. Separation, Use and Accountability
- C. Refund, Responsibility and Accountability
- D. None of the above

(2 Marks)

QUESTION EIGHT

Which among the following, correctly describes the ethical principle of 'independence in appearance'?

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

(2 Marks)

QUESTION NINE

Which of the following is the most important in ensuring organisational codes are effective?

- A. Employees read the Code
- B. Employees follow the Code
- C. Employees are briefed about the Code or any changes to the Code
- D. None of the above

(2 Marks)

QUESTION 10

Which of the following statements about whistleblowing is/are true?

- i. An accountant working in business in Rwanda must disclose any information they have about unethical behaviour in their workplace.
- ii. Whistleblowing disclosures in Rwanda must be reported to the Financial Intelligence Centre.

- A. Neither (i) nor (ii)
- B. (i) Only
- C. (ii) Only
- D. Both (i) and (ii)

(2 Marks)

QUESTION 11

Accountants who work in the public sector must remain politically neutral, so that they can work effectively within their roles.

Which of the following is NOT a general principle that applies to political neutrality?

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

(2 Marks)

QUESTION 12

Mahoro is an ICPAR member, working in a small business. One of the company's directors, Paul is also an ICPAR member and has reviewed the financial statements compiled by Mahoro and has made a number of changes, including removing information on the names of the directors and details of the company's bank. Mahoro does not agree with these changes, and has explained this to Paul, but he insisted that the accounts should be filed.

What is the most appropriate course of action for Mahoro to take?

- A. Mahoro should raise her concerns internally, in an email to the Board of Directors.
- B. Mahoro should file the financial statements as the director has signed them.
- C. Mahoro should report Paul to ICPAR.
- D. Do nothing

(2 Marks)

QUESTION 13

Holders of public office are expected to challenge poor behaviour when it occurs.

Which of the following principles of public life does the above statement relate to?

- A. Integrity
- B. Openness
- C. Leadership
- D. Objectivity

(2 Marks)

QUESTION 14

If at any one time, you as a professional accountant come across high levels of non-compliance with laws and regulations while dealing with a particular client; you may want to take some further actions. Some of those actions you may consider are listed below apart from one.

Which among the following actions is the exception?

- A. Check whether there is evidence of actual and potential substantial harm to the interests of investors, creditors, customers, employees or general public
- B. Confirm as to whether the non-compliance or suspected non-compliance is likely to recur
- C. Discuss the disagreement with top management and those charged with governance
- D. Check with the legal and regulatory framework

(2 Marks)

QUESTION 15

Mutesi is an accountant with ABC Company Ltd and on several occasions, she has heard about the need to keep company's information confidential, though only allowed to disclose in specific particular circumstances; even after she gets another job.

Under what circumstances could a duty of confidentiality most likely be breached?

- A.** When she discloses some company information after her resignation
- B.** When information is disclosed in response to a formal investigation by (Rwanda Investigation Bureau) RIB
- C.** When she has obtained authorisation from the company before disclosing the information
- D.** When information is disclosed as evidence in a legal proceeding

(2 Marks)

QUESTION 16

Kagabo is an accountant working with SIMCO Ltd, a company that manufactures and sells cement within Rwanda and beyond. As he was preparing the quarterly VAT return, she realised that the VAT return he was about to submit, was lower than he had expected, since he is the one who has been monitoring sales and purchases throughout the quarter. Kagabo has engaged both the Finance Manager and the Sales Clerk to check the correctness of those figures.

Which of the professional qualities expected of an accountant is Kagabo most clearly to be demonstrating in this situation?

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

(2 Marks)

QUESTION 17

Which type of law would better describe a wrongdoing that relates to conflicts between individuals within a particular community?

- A.** Tort law
- B.** Criminal law
- C.** Civil law
- D.** Contract law

(2 Marks)

QUESTION 18

You attended a training on laws and regulations governing manufacturing companies. During that training, you learnt that the offences of the breaking the law fall into two categories which are criminal law offences and civil law conflicts.

Which one of the following is considered as a criminal offence?

- A.** Breach of contract with the supplier of the organization
- B.** Breach of contract with the employee of the organization
- C.** Negligence at work place
- D.** Money laundering

(2 Marks)

QUESTION 19

The law No 11/2008 of May 2008 established the Institute of Certified Public Accountants of Rwanda (ICPAR). It also determined its roles and responsibilities as an accountancy professional body.

Which one of the following is not part of ICPAR responsibilities?

- A. Promoting the competence and capacities of its members
- B. Preserving the integrity of the accounting profession
- C. Developing the international financial accounting standards used by listed companies in Rwanda.
- D. Issuing regulations to promote the functioning of the Institute

(2 Marks)

QUESTION 20

Which one of the following is the overall purpose of ICPAR?

- A. Promoting and preserving the professional independence of its members while exercising their profession.
- B. Regulating the accounting profession.
- C. Taking disciplinary measures against members unable to perform their duties and guilty of misconduct.
- D. Providing its members with professional education in accounting and other related disciplines.

(2 Marks)

QUESTION 21

Which one of the following business values is associated with ethical behaviour?

- A. Responsibility
- B. Trust
- C. Fairness
- D. All of the above

(2 Marks)

QUESTION 22

Using the pick list below, complete the following sentence

The importance of business values in an organization'sis that they underpin both policy and behaviour throughout the company, from top to bottom.

- A. Behavior
- B. Culture
- C. Rules
- D. Regulations

(2 Marks)

QUESTION 23

Business ethics are relevant to competitive behaviour. However, there is a distinction between competing aggressively and competing unethically.

Which one of the following is qualified as aggressive competition?

- A. Using buyer power to prevent suppliers from dealing with competitors
- B. Spreading false negative information about competitors
- C. Stealing competitors' designs
- D. None of the above

(2 Marks)

QUESTION 24

You are a professional accountant working for a private hospital. Last week, your company requested you to negotiate a waiver with your tax authority. During the negotiation, you were requested to submit a list of all employees of the organization that you retain Pay as You Earn (PAYE) on and decided to reduce the number of the staff since you have been omitting to declare their respective taxes.

Which pair of the following qualities can help in deciding whether you behaved in an ethical way?

- A. Integrity and honesty
- B. Responsibility and integrity
- C. Honesty and responsibility
- D. None of the above

(2 Marks)

QUESTION 25

The Code of Ethics (IESBA, 2016) highlights two important aspects of independence. These are independence of mind and in appearance.

Which one of the following describes the ethical principle of independence of mind?

- A. Professional accountants must carry out their work with integrity, objectivity, and professional scepticism.
- B. Professional accountants must avoid situations which would lead a reasonable and informed third party to conclude that his/her integrity, objectivity, or professional scepticism has been compromised.
- C. Professional accountants must complete their work autonomously.
- D. All of the above

(2 Marks)

QUESTION 26

Which one of the following can be used to reduce the threat of bribery?

- A.** Developing and maintaining mutual business relationships.
- B.** Having a clear policy on gifts and hospitality which is communicated to employees.
- C.** Informing a professional body.
- D.** None of the above

(2 Marks)

QUESTION 27

Even if the information can legitimately be disclosed, the accountant has to reflect on a number of factors in deciding whether or how to proceed with the disclosure.

Which one of the following can be considered before disclosing the information?

- A.** Who is the appropriate recipient of the information?
- B.** How can you protect the on-going confidentiality of the information?
- C.** Will you incur legal liability by disclosing the information?
- D.** All of the above

(2 Marks)

QUESTION 28

Which one of the following is not part of the key elements to maintaining proper financial records?

- A.** Setting up appropriate records
- B.** Maintaining the records throughout the year
- C.** Retaining the records for as long as necessary
- D.** All of the above

(2 Marks)

QUESTION 29

As per the 2009 Companies Act of Rwanda; how long should a company keep minutes of all shareholder meetings, and shareholder resolutions?

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

(2 Marks)

QUESTION 30

Which one of the following questions should be considered when assessing whether actions or behaviors are appropriate or inappropriate?

- A.** Is the action legal, and in line with company policy and professional guidelines?
- B.** Is the action balanced and fair to all stakeholders involved?
- C.** What are the alternative actions that could be taken, and what are the consequences of them?
- D.** All of them

(2 Marks)

QUESTION 31

Which one of the following statements is correct in accordance with whistleblowing?

- A.** Before whistleblowing externally, the issue of concern should be discussed internally with management.
- B.** A professional accountant working for the district should not disclose any information they have about unethical behaviour in their workplace
- C.** Whistleblowing disclosures about tax fraud in Rwanda must be made to Rwanda Investigation Unit.
- D.** Whistleblowing disclosures money laundering in Rwanda must be made to Rwanda Revenue Authority.

(2 Marks)

QUESTION 32

Which one of the following types of behavior relates to civil law?

- A.** A member in practice fails to exercise reasonable skill and care.
- B.** A week ago, you went to a tailor who agreed to make a black shirt with red buttons for you, but when the shirt is delivered, you realized that the tailor used yellow buttons instead.
- C.** In January 2022, your company ordered four laptops to be delivered in five months and they were delivered in August 2022.
- D.** All of the above

(2 Marks)

QUESTION 33

As per Article 234 of the 2009 Companies Act of Rwanda; where should a subsidiary company's annual reports be kept?

- A.** At finance department
- B.** At the office of the subsidiary 's Managing Director
- C.** At a company's head office
- D.** None of the above

(2 Marks)

QUESTION 34

When acquiring clients or working with existing clients, the accountant must always be aware of the risk that their services are being used to facilitate money laundering or terrorist financing.

Using the pick list below, complete the following sentence:

Customer must be carried out on all new clients before providing any services to them.

- A. Analysis
- B. Investigation
- C. Due diligence
- D. Examination

(2 Marks)

QUESTION 35

Musirikare is an accountant employed by a mining company in the eastern province. One of their potential customers is interested in doing business with the company and has asked Musirikare to share some information regarding the company's cost structure, mining sites, and pricing strategy at a fee.

What is the fundamental ethical principle that is being threatened in this scenario?

- A. Self-interest
- B. Familiarity
- C. Intimidation
- D. Confidentiality

(2 Marks)

QUESTION 36

One of the risks to a practicing accountant holding client's monies is that the accountant might be accused of 'dishonesty appropriating' that money by transferring it into their own bank account.

Which one of the following risks to the accountant that they could be accused in this situation?

- A. Money Laundering
- B. Theft
- C. Bribery
- D. None of the above

(2 Marks)

QUESTION 37

The requirement that accountants should not compromise their professional judgement due to bias, conflict of interest or undue influence is most closely linked to which of the fundamental ethical principles?

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

(2 Marks)

QUESTION 38

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

Which one of the following is a part of those services?

- A External audit
- B Investment business
- C Insolvency practice
- D None of the above

(2 Marks)

QUESTION 39

One of the ways organisations can communicate to their employees upon the behaviour expected of them is through a code of practise. 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 organisation code of conduct?

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

(2 Marks)

QUESTION 40

Muzungu is an Internal Auditor in the private sector and a member of ICPAR. Recently, he identified adverse findings, and the management pressured him to remove some of the issues to avoid pressure from the Board of Directors.

What is the appropriate course of action Muzungu should undertake?

- A Discuss the issue with the Chief Executive Officer
- B Report the issue to the Board Audit committee
- C Report the issue to the external Auditor.
- D Discuss the issue with ICPAR Disciplinary Committee

(2 Marks)

QUESTION 41

Abimana Placide, a qualified accountant at TM Ltd, an insurance company located in Kigali prepared the financial statements for the year ended December 2021 and shared them to the Chief Finance Officer, Isaie Muhoza for the review. Isaie noted that there was significant net loss before tax and the solvency margin ratio was low and hence refused to sign the report. He requested Placide to manipulate the figures and give favourable results that he would present to the board shareholders as well as the regulators of the insurance companies in Rwanda.

What is the potential ethical dilemma here, and how should Placide respond to Isaie?

- A Placide should refuse to comply to the request of Isaie as it is a breach of integrity
- B Placide should refuse to comply as it is a breach of principle of objectivity
- C Breach of objectivity, but Placide must comply and respond to the request of Isaie as he has an obligation to perform all duties as required by their employer
- D Breach of Integrity, but Placide has to comply and respond to the request of Isaie as he has an obligation to perform all duties as required by their employer

(2 Marks)

QUESTION 42

Claudine, an ICPAR member in a practice working for Energy Sector in Rwanda, was appointed as a member of public tender committee (PTC) for her institution. The institution uses e-procurement system (Umucyo system) for its procurement process. Claudine was involved in the process of deciding which supplier will be granted a contract for the supply of office furniture for her institution. One bidder/supplier asked Claudine if its bid is competitive in relation to the prices of the other bidders.

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

- A Confidentiality
- B Familiarity
- C Objectivity
- D None of the above

(2 Marks)

QUESTION 43

Which of the following is not included in the factors that conceptual framework requires professional accountant to consider when faced with ethical dilemma?

- A Professional behaviours
- B Establish the relevant facts, and the potential ethical issues involved
- C Identify where they may be a threat to a fundamental principle
- D Evaluate the threat

(2 Marks)

QUESTION 44

Uwera Janet is a finance internee at one of the big companies of energy production in Rwanda. The company published job offers for Chief Accountants. Janet applied for the job and really wanted it. She exaggerated her experience to meet the job specification requirements of the experience of 3 years and having qualification such as Certified Accounting Technician (CAT) or Certified Public Accountant (CPA) as listed in the terms of reference for the position.

Which one of the following statements best describes this situation?

- A Janet misled a potential employer and therefore breached the ethical principles of integrity.
- B Janet misled a potential employer and therefore breached the ethical principles of confidentiality.
- C Janet did not compromise her professional ethics; everyone exaggerates to get a job.
- D Janet acted irresponsibly and therefore breached the ethical principles of self-interest

(2 Marks)

QUESTION 45

Which of the fundamental ethical principles requires that members must maintain professional knowledge and skill 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?

- A Professional behaviour
- B Integrity
- C Professional competence and due care
- D None of the above

(2 Marks)

QUESTION 46

Odeth is an ICPAR member in practice. She received an invitation from ICPAR to attend training forum on public sector accountability. The training will generate a certificate of 15 hours (CPD) in the area of expertise.

Which of the following is the most important reason for Odeth to attend public sector accountability training forum 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 47

Treating others equally by considering mutual respect and open communication is an example of which quality of ethical behaviour?

- A Fairness
- B Honesty
- C Integrity
- D None of the above

(2 Marks)

QUESTION 48

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

- A Confidentiality and honesty
- B Integrity and Leadership
- C Accountability and Reliability
- D None of the above

(2 Marks)

QUESTION 49

James Blair has completed an ICPAR certified Accounting Technician (CAT) in 2022, and he decided that he is not required to follow the ICPAR requirement for continuing professional development (CPD) since where he was working at Jade Ltd, his job has not been changed and neither being promoted after getting qualification of Certified Accounting Technician (CAT).

Which of the fundamental ethical principles is James Blair at risk of breaching?

- A Integrity
- B Objectivity
- C Professional Competence and due care
- D None of the above

(2 Marks)

QUESTION 50

Holders of public office should make choices on merit and have duty to declare any private interests relating to their duties and take steps to resolve any conflicts arising in a way that protects public interest.

Which one of the following principles of public life is most appropriate to this situation?

- A Accountability
- B Openness
- C Honesty
- D None of the above

(2 Marks)

End of Question Paper

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