

**ACC – Ethics and Deontology
for Accountants**

T047

Thursday, 29/11/2018

08:30 – 11:30 AM

WORKFORCE DEVELOPMENT AUTHORITY



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**ADVANCED LEVEL NATIONAL EXAMINATIONS, 2018,
TECHNICAL AND PROFESSIONAL STUDIES**

EXAM TITLE:

ETHICS AND DEONTOLOGY FOR ACCOUNTANTS

OPTION: Accountancy (ACC)

DURATION: 3 hours

INSTRUCTIONS:

The paper is composed of **three (3) main Sections** as follows:

Section I: Thirteen (13) compulsory questions. 55 marks

Section II: Attempt any three (3) out of five questions. 30 marks

Section III: Attempt any one (1) out of three questions. 15 marks

Note:

Every candidate is required to carefully comply with the above instructions. Penalty measures will be applied on their strict consideration.

Section I. Thirteen (13) Compulsory questions

55 marks

- 01.** Why do you think it is so important to study accounting ethics?
Give five reasons. **(5 marks)**
- 02.** Differentiate deontology from social responsibility. **(3 marks)**
- 03.** One of the approaches used to describe business ethics is through the discussion of the legality, illegality, and justice of a decision or action. Discuss briefly the four combinations of legality and justice used to explain ethical issues. **(4 marks)**
- 04.** Differentiate ethics from morality. **(3 marks)**
- 05.** Outline any five types of controls that can help you to fight against any types of fraud by officers or members of an organization. **(5 marks)**
- 06.** Define values and differentiate briefly instrumental values from terminal values. In addition, explain the types of values that might affect how you think about ethical issues. **(3 marks)**
- 07.** Suppose that you are a human resource manager in Rwanda Revenue Authority (RRA), how can you apply ethics in your daily activities? **(5 marks)**
- 08.** State any five objectives of ethics. **(5 marks)**
- 09.** Briefly discuss the five viewpoints on the role of values in business ethics. **(5 marks)**
- 10.** Explain the following characteristics of a professional accountant:
a) Self-confidence d) Confidentiality
b) Fidelity e) Modesty
c) Integrity **(5 marks)**
- 11.** Outline any four qualities that describe a good professional accountant. **(4 marks)**
- 12.** Enumerate five most important ethical issues that business must deal with. **(5 marks)**
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13. Kamana John is an auditor in a company in which the management is assumed by his uncle. What are the main threats he may encounter in his course of activity? **(3 marks)**

Section II. Choose and answer any three (3) questions **30 marks**

14. Francis buys a table from Matthew for £100, who believes it to be worthless. Francis knows that it is very valuable. Neither party discloses his belief to the other. Later Matthew discovers that Francis has sold the table for £750,000, to another party in good faith. What is his remedy? **(10 marks)**
15. Do you find any difference between value and attitudes? (Yes / No), Justify. **(10 marks)**
16. Discuss five fundamental principles for accountants as identified by the Code of Ethics. **(10 marks)**
17. Krystle was formerly employed by Dynasty Ltd. She has entered into a covenant not to compete with Dynasty Ltd. The covenant is reasonable and not in restraint of trade. Krystle has formed a company, Krystle (Services) Ltd, which has started to trade in competition with Dynasty Ltd. Will Dynasty Ltd be able to get an injunction to prevent Krystle (Services) Ltd from trading? **(10 marks)**
18. A company has 5 members who are also directors. Each holds 10 shares. Normally the shares carry 1 vote each, but the articles state that on a resolution for a director's removal, the director to be removed should have 5 votes per share. On a resolution for the removal of Pamela, a director, Pamela casts 50 votes against the resolution and the other members cast 40 votes for the resolution. Has Pamela validly defeated the resolution? **(10 marks)**

- 19.** Elizabeth decides to sell her string of pearls to Mary and writes to her on 24 February, offering her the string of pearls for £250. At the same time, Mary decides that she wants the pearls and writes to her on 24 February, offering to buy them for £250. Before either of these letters are received, Mary sees a similar necklace in a shop for £200 and decides to buy that instead. What is Mary's legal position? **(15 marks)**
- 20.** A colleague has provided a report to senior management that contains misleading information. Which of fundamental principles have they broken? **(15 marks)**
- 21.** Your manager has set out a new policy that you should follow when preparing the management accounts. From now you are to use estimates for trade receivables and payables. Does this conflict with any of fundamental principles, if so which one? Why? **(15 marks)**

quality
Self
+ Customer Care