

LET'S GET TECHNICAL

Despite the fact ethics is not popular with students, Nick Craggs explains why you must get to grips with it

In all my years of teaching the AAT, not one of the thousands of students I have taught has said that ethics was their favourite subject. In fact, I am not sure how I would react if someone declared a love for ethics over the delights of accruals and prepayments or tax.

However, I am aware how crucial ethics is to being a well-rounded accountant. Do not assume that it just relates to members in practice, and if you are employed, work in industry or are a student that it does not apply to you. Students, members and members in practice are all bound by the same code of professional ethics. The AAT, in my opinion, has been leading the way with ethics in recent years, they even have their own ethics microsite (www.aatethics.org.uk). In fact, the AAT head of conduct and compliance, Tania Hayes, was guest editor of the 'ethics edition' of PQ magazine last year.

When thinking of a subject for this article I thought the five fundamental principles would be the best approach, as they are, well, fundamental.

The five fundamental principles are:

- Integrity.
- Objectivity.
- Professional competence and due care.
- Confidentiality.
- Professional behaviour.

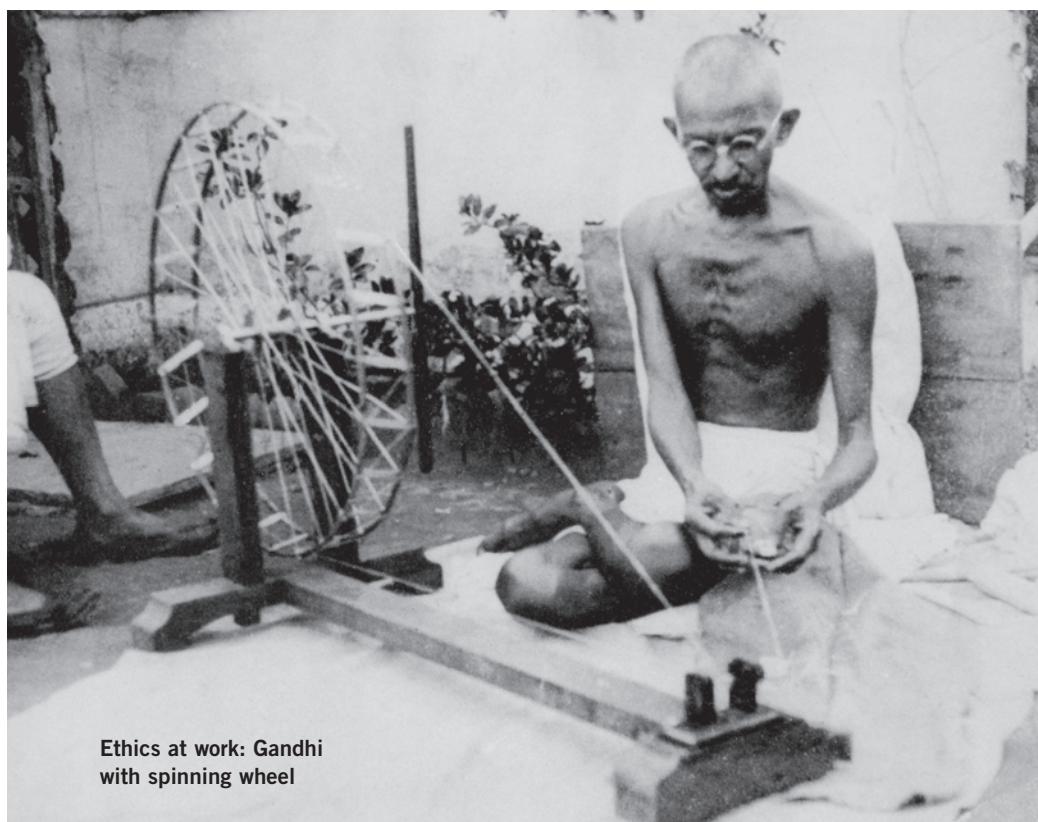
So what do these mean? Acting with integrity means you should be straightforward and honest in all professional, business and personal relationships.

When making any form of decision you should always be objective. You should not let any prejudice or bias influence your decision.

You should always act within your professional competence and show due care. This means you should only do work that you are capable of, and the work you do, should be done to the best of your abilities.

As an accountant, in any industry, you will be party to sensitive information. This must be kept confidential and never disclosed without proper authorisation or a legal obligation.

You are expected to act professionally and maintain the reputation of the industry and your membership body. This does not mean that you have to dress like an accountant even on your days off, but at all times you should always be seen to be honest and truthful. This also applies to social media! Remember the story of the accountant who tweeted about hitting a cyclist with her car? This was not



Ethics at work: Gandhi with spinning wheel

deemed to be professional behaviour and she lost her job.

In the exams you will be given scenarios where people's fundamental principles are being threatened and you will need to identify which ones are threatened, and why.

An example

Sarah, an AAT level 2 student, is the payroll clerk at NS Accountancy services, and her senior, David, has asked her to complete a tax return for a friend of his. She has never completed a tax return before but David is out of the office for the rest of the day and it must be done today. David also told Sarah not to record the time spent on it, as he does not want the partners to bill his friend.

Here there are two of Sarah's ethical principles being threatened. She has never completed a tax return before; she works in payroll and as she is an AAT level 2 student she has never studied tax, so she is clearly doing something beyond her capabilities. If Sarah were to attempt to complete the tax return she would not be acting with professional competence and due care.

If Sarah does not record the time spent on the client she will be acting without integrity. She has a duty to the partners of the firm to be honest about what she spends her time on.

Another scenario

Neil is a trainee accountant, and when you are covering his emails at work you come across an email from his friend saying "thanks for signing off the accounts and ignoring the fact half the bank statements were missing. I will try to get them in a better state next year!"

Here there are two issues here: professional competence and due care – Neil is a trainee he should not be signing off accounts. There is also a problem with Neil's integrity; he did not have enough information to produce the accounts.

Why not have a look at this scenario and decide which principles are under threat. Jeremy has been asked by his employer to work on a business plan for a proposed wind farm in the village where he lives. He is actually a member of an action group looking to block the proposed windfarm, and he thinks that some of the business plan would be useful for the group to block the windfarm.

You can see me work through the answers here: www.firstintuition.co.uk/category/aat/

Remember, a lot of ethics, if you are a decent person, is common sense. If you are not a decent person you may have a little work to do. **PQ**

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