Draft scenarios

**Question**

Explain, using the APES Code of Ethical Behaviour for accountants, how these following business situations could be responded to in an ethical manner. For each situation, state which principle of the Code of Ethics has been breached and how it should be dealt with.

1. A tax agent is having trouble building her accounting business. She believes she is not attracting new clients due to the small size of the business and the amount of time it has been operating. To overcome this, she exaggerates on her business website the amount of staff on the accounting team and the amount of experience the accountants have. (4 marks)
2. Sam has prepared financial statements for his client Martha. Sam meets with Martha to discuss her accounts. Sam is also the accountant for Martha’s ex-husband. During the meeting Martha enquires about her ex-husbands financial position. She explains to Sam that it is because she wants to make sure her children will have enough financial support from their father. Sam assures Martha that her children can be supported financially as both Martha and her ex-husband are in great financial positions with thriving businesses bringing in profits of over $250,000 per annum. (4 marks)