

Objectives

At the end of this chapter, students should be able to:

- Explain the term accounting ethics;
- Explain the benefits of accounting ethics to;
 - i. Professionals
 - ii. Society
- Explain how to prevent the unethical practices of an accountant.

2.1 Introduction

Accounting ethics refers to what is right or wrong, good or bad and what is appropriate or inappropriate in regards to human relations. Accounting ethics provide the standard or guidelines for the accounting and decision-making of workers in the accounting profession in relation to their handling of the field in their care, relations with customers, etc.

Accounting ethics rely heavily on the moral duty and obligations of accountants to other customers, money in their care, etc.

2.2 Qualities of an Accountant

1. **Honesty:** It is an act of being truthful and morally upright in all financial activities. There should be no falsification of accounting information and documents.
2. **Transparency:** Relationship and dealings with people or organisations should be straight-forward and above suspicion. Accountants should be open and easy to understand in their operations and financial transactions.
3. **Integrity:** It involves high level of morality concerning financial transactions and activities. Thus, it is the act of being consistently reliable in all financial matters.
4. **Accountability:** It is an act of giving full authentic reports of all financial dealings.
5. **Fairness:** It is an act of taking into consideration the interest of every party concerned in all financial dealings. There should be no partiality.
6. **Objectivity:** This is the ability to view the purpose of an enterprise in all financial matters without influence, sentiment and bias.
7. **Trustworthiness:** This is an act of being reliable, sincere and worthy of being relied upon in all financial dealings.

2.3 Unethical Practices of an Accountant

- i. Collection of bribes before rendering any service to the customers.

- ii. Theft, market rigging and unfair dealings.
- iii. Non-disclosure / fraudulent misinformation.
- iv. Unlawful share dealings.
- v. Alteration, division and suppression of cash vouchers and cheques.

2.4 How to prevent the Unethical Practices of an Accountant

- i. Enhancement of fraud-control methods.
- ii. Training and retraining of audit and inspection teams.
- iii. Good remuneration packages (salaries).
- iv. Adequate staff motivation.
- v. Guaranteed employment stability.
- vi. Employment of transparent accountants / leaders.
- vii. Recruitment of accountants on merit and through a standardised process.

2.5 Summary

In this chapter, students have learned about:

- The ethical qualities of an accountant.
- Accounting ethics.
- Unethical practices of an accountant and how to prevent them.

2.6 Revision Questions

1. Explain the term 'accounting ethics'.
2. State and explain four qualities of an accountant
3. What are the unethical practices of an accountant?
4. State how to prevent unethical practices in an organisation
5. Unlawful share dealings is unethical. **True or False?**
6. Collection of bribes is unethical. **True or False?**
7. Receiving a salary at the end of the month by an accountant is unethical. **True or False?**