

## Paul Robbins training and consultancy

### Financial Statements of Limited Companies

#### Ethical Threats Model Answer

<b>Ethical Threat</b>	<b>Description</b>	<b>Example</b>
<b>Self Interest</b>	<i>These may occur where a financial or other interest will inappropriately influence the accountant's judgement or behaviour.</i>	<i>An accountant holds shares in the company that they are auditing.</i>
<b>Self Review</b>	<i>These may occur when an accountant has to re-evaluate a judgement or data that they have previously made or produced.</i>	<i>An accountant has to review the quality of a tax return that they have previously produced.</i>
<b>Familiarity</b>	<i>These may occur when, because of a close or personal relationship, an accountant becomes too sympathetic to the interests of other people.</i>	<i>An accountant has a personal relationship with a client of the business.</i>

<b><i>Intimidation</i></b>	<b><i>These may occur when an accountant may be deterred from acting objectively because of real or perceived threats.</i></b>	<b><i>An accountant is threatened with dismissal for reporting fraudulent activity within their company.</i></b>
<b><i>Advocacy</i></b>	<b><i>These may occur when an accountant promotes a position or opinion (normally of a client) to the point that their objectivity may be compromised in the future.</i></b>	<b><i>An accountant is seen to publicly promote the business activities of a client they are representing.</i></b>