Ethical concept and professional judgment in corporate financial reporting: empirical evidence from Nigeria

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Abstract

This study is an investigation of the impact of ethical concept on professional judgment in corporate financial reporting. To achieve the purpose of this study, hypothetical statements were made and a critical review of extant literature was examined. The population of the study consisted of registered professional accountants in Rivers State of Nigeria. In order to generate the necessary data for this study, a questionnaire designed in 5-point Likert-Scale was administered on 177 respondents in Rivers State. The data were analysed with the regression model. The findings of the study suggested that ethical concept measured as competence, independence confidentiality and integrity/objective has a positive significant impact on the credibility of professional judgment in financial reporting in Nigeria. Based on the discussion of our findings, it was recommended that – professional judgment in corporate financial reporting in Nigeria must be based on professional ethics; any accountant indulging in unethical conducts in exercising professional judgment should be disciplined accordingly and practicing license be withdrawn, and a regulatory authority should be instituted by accounting professional bodies in collaboration with the government to oversee and regulate the activities of professional accountants in Nigeria.

1.0 Introduction

Corporate financial reporting is influenced by accounting principles, policies, methods, techniques and systems. For those transactions and events not specifically covered by an official pronouncement; accountants must exercise professional judgment in determining the treatment that is most credible and consistent with generally accepted accounting principles. Judgment plays a major role in corporate financial reporting and it is exercised in selecting appropriate accounting policies. For example, deciding whether to use the FIFO or LIFO method of inventory valuation, determining whether the straight-line method of estimating the useful lives of depreciable assets should be used; and deciding what events are "material" to a given business entity. According to Meigs et al, (1996) judgment is a personal matter; competent accountants often will make different judgments. This explains why the financial statements of different companies are not likely to be directly comparable in all respects. Ayodele (2005) asserted that professional judgment is expected to be built on ethics. He further explained that ethics are the moral principles that an individual uses to govern his or her behavior. Some ethical concept, such as a belief that it is wrong to steal, apply to all situations, other ethical concepts, however, apply specifically to some particular types of activity. For example, many of us have ethical principles relating directly to sports. Assume that your team is playing a foot-ball competition, and the centre referee makes a "bad call" in your favour. Do you challenge the call? Your answer to this question will depend upon your personal ethical principles concerning participation in the competition.

According to Smith (1999), all recognized professions such as the accounting profession, have developed codes of professional ethics. The basic purpose of these codes is to provide members of the profession with guidelines for conducting themselves in a manner consistent with the responsibilities of the profession. Codes of ethics developed by professional associations generally hold the practicing professional to higher standards of conduct than do the laws regulating that, profession. In part, this tendency evolves from the fact that professional associations have a vested interest in enhancing the public image of the profession. Accountants face a number of ethical dilemmas in the discharge of their duties; these dilemmas involve decisions that require seasoned judgment and careful consideration of the short-term and long-term implications. Where there is no particular method of reporting an event, the conservatism principle is applied by professional accountants. Ethical concept is the reference point for professional judgment. But in Nigeria, many professional accountants violate ethical concepts of independence, confidentiality, integrity and objectivity, competence, etc. and abuse the use of professional judgment in corporate financial reporting (Ayodele, 2005). This therefore questions the credibility of professional judgment. For instance, a professional accountant was preparing the income tax returns of a client who has had a particular good year-higher income than expected. On January 2 of the following year, the client pays to the Nigerian Television Authority (NTA) for a television advertisement and asks the accountant to backdate the cost so as to reduce the income of the preceding year and consequently tax liability. The accountant backdated the advertising expenses to be included in the income statement of the year just ended. Is this ethical? The accountant seems not to have considered objectivity and integrity of the accounting profession. It is against this backdrop that this study tends to investigate the extent to which accountant's judgment is influenced by ethics of the profession.

To achieve the above objective, the following null hypotheses were raised –

H_{o1}; Professional competence has no significant impact on the credibility of accountant's judgment in corporate financial reporting.

H_{o2}; Independence of the accountant has no significant effect on the credibility of professional judgment in corporate financial reporting.

H_{o3}; Confidentiality of information has no significant relationship with credibility of professional judgment in corporate financial reporting.

H_{o4}; Integrity objectivity has no significant implication on the credibility of professional judgment in corporate financial reporting

2.0 Literature Review

Generally speaking, ethics is a concept difficult to define but easy to describe. It has been described severally by different writers each claiming conceptual superiority. This conceptual argument is based on the fact that ethics border on what is right or wrong, good or bad, which are highly subjective, shaped by multiplicity of factors and dependent on personal conviction. For example, while artificial birth control measures are embraced in China and Russia, it is considered a taboo by the catholic faithful. In addition, while premarital sex is a taboo in places like India and the Easter Block, it is a welcome development in Nigeria and the Western countries of Britain and America. Moreso, it is prohibited for accountants to advertise and solicit for clients publicly in Nigeria, in America; advertisement serves to sell the accountants to potential clients. Ethics are therefore the moral principles that an individual uses in governing his or her behaviour (Ilaboya and Uwubanwen 2005)

According to Jones (2004), to understand and appreciate the ethics applicable to a profession, one must first understand the nature of that profession. Consider, for example, a painter who encounters a building badly in need of new paint. The painter has no ethical obligation to stop and paint this building. Now consider a medical doctor encountering an accident victim who is unconscious and badly in need of immediate medical attention. The medical doctor does have an ethical obligation to stop and render emergency medical care. The obligation to render immediate services simply because it is needed is an ethical concept applicable to the medical profession because that profession is devoted to the public's health and safety.

2.1 Accounting Professional Ethics

Accountants have unique ethical responsibilities. A professional accountant auditing a firm's financial statements has an ethical obligation to be independent of the company issuing the statements. An accountant preparing an income tax return has an ethical obligation to prepare the return honestly, even if the tax payer paying the accountant's fee may want the return prepared in a manner that understates taxable income. According to Holmes (2001), changes in the practice of business have eroded the standard of behaviour expected from professional accountants. The pressure to succeed and remain at the top has caused chief executives to pressurize professional accountants to manipulate accounting data through rule bending and loophole seeking to paint a rosy picture of the firm's financial transactions and events.

The accounting profession has developed codes of professional ethics. The basic purpose of these codes is to provide professional accountant with guidelines for conducting themselves in a manner consistent with the responsibilities of the profession, particularly when the accountant exercises professional judgment. According to Madsen et al (1999), a professional accountant owes certain ethical duties to his clients, his profession, and the society at large even if at various times such duties may conflict with his personal interest. In exercising professional judgment, the accountant must not allow his greed, selfish interest, or management pressure over-rules his professional and societal requirements. The professional codes of ethics in accounting practice include – competence, confidentiality, independence, integrity and objectivity (Meigs, at al 1996; Frenchman, 1998 and Solomon, 2002).

Competence- This code of ethics specifies that professional accountants have a responsibility to; (i) maintain an appropriate level of professional competence, through training and development of their knowledge and skills. This can be achieved by attending seminars, workshops and conferences; (ii) perform their professional duties in accordance with relevant laws, regulations, and technical standards; (iii) prepare complete and clear reports and recommendations after appropriate analysis of relevant and reliable information. Magmu (2010) revealed that professional competence minimizes the risk of biases in making professional judgment

Confidentiality- If individuals are to discuss sensitive and private matters openly with professionals, they must trust that professional not to misuse the information provided. Thus, most professionals have ethical requirements that information provided to the professional must be held in strict confidence. Medical officers, attorneys and clergy, for example, are ethically arid legally prohibited from disclosing to others personal information obtained from persons who have sought their professional services. By the nature of their work, accountants must have access to much financial information about their clients which the client regards as "confidential" As noted by Meigs et al (1996), if accountants are to earn the trust and respect for their clients, they must respect the confidential nature of the information provided for them Thus, accountants should not disclose sensitive information about a client company to the company's competitors or to other outsiders, or use this information for his personal gain The idea that information obtained during a professional engagement is to be held in confidence differs somewhat between an independent accountant, and a management accountant in all aspects of their work, independent accountants have an ethical obligation not to misrepresent facts. They may face a conflict between their professional obligation to correctly and fully disclose facts, and a client's desire that certain information be held in confidence. Frenchman (1998) suggested that where such conflict exists, accountant should always insist that the client make any and all disclosures consistent with applicable reporting standards. If the client refuses to make such disclosures, the accountant should resign from the engagement. Having resigned from the engagement, the accountant often no longer has professional or legal obligations to make disclosures. However, he should still view the information obtained during the engagement as confidential, not to be disclosed without the clients express permission.

An accountant also has a responsibility to; (i) refrain from disclosing confidential information acquired in the course of his work except when authorized, unless legally obliged to do so; (ii) inform subordinates as appropriate regarding the confidentiality of information acquired in the course of their work and monitor their activities to assure maintenance of that confidentiality; (iii) refrain from using or appearing to use confidential information acquired in the course of their work for unethical or illegal advantage either personally or through third parties (Meigs et al, 1996).

Independence- When the financial statements of a company are audited, the auditor (professional independent accountant) expresses his professional opinion as to whether the financial statements represent a true and fair view of the company's financial position and the results of its operations. All stakeholders rely upon these audited financial statements in deciding their financial commitment to the company. Madsen et al (1999) asserted that if the auditor's report is to lend credibility to audited financial statement, where professional judgment could be exercised, users of the statements must view the auditor as being fair and impartial. For an auditor to be viewed as impartial, he must be independent of the company issuing the financial statements. By "independent", we mean that the auditor must not be perceived as being under the company's influence or control, or as having any vested interest in the result reported in the financial statements (Moore, 2009).

Assume, for example, that an auditor owned a large equity investment of an audit client. Many users of the financial statements might believe that the auditing firm would be reluctant to insist upon the disclosure of facts that might lower the company's share price. Thus, the auditor would not be regarded as impartial by these users of the statements. Professional accountants take extensive measures to be independent in part and also to appear independent of their audit clients. This concept of independence places a number of constraints upon the auditor's relationship with audit clients. The auditor must not have any financial interest in a client's firm, must not accept expensive gifts from the client and must not be an employee of the client organization (Robertson, 1996). Other restrictions require that close relatives of the auditor must not have a major investment in the client's firm. However, accountants need to be independent only when they are expressing an opinion on the representations made by another party. Thus the concept of independence applies primarily to the accountant's role as an auditor. In rendering income tax services and consultancy, accountants are not required to be independent of their clients. Ikoh (2012) posited that though management accountant performs many different types of accounting services, he cannot perform independent audits of his employer's financial statements.

Integrity and Objectivity- One of the important concepts in accounting professional code of ethics is that in the performance of any professional engagement, an accountant shall not knowingly misrepresent facts. This concept goes to the very heart of the accountant's responsibility to the public interest. William (2005) stated that facts may be misrepresented even if the facts themselves are correctly reported. For example, facts may be misrepresented if the accounting document does not contain adequate of information necessary for the proper interpretation of those facts. William (2005) further reported that to uphold integrity and objectivity in accounting profession, accountant must not be associated with misleading financial statements, income tax returns, or other accounting reports. If a client insists upon preparing an accounting document in a misleading manner, the accountant must resign from the engagement. The integrity and objectivity of professional accountant centered on the following:- (i) He must communicate information fairly and objectively; (ii) He must disclose fully all relevant information that could reasonably he expected to influence an intended user's understanding of the reports, comments and recommendations presented; (iii) He must avoid actual or apparent conflict of interest and advise all appropriate parties of any potential conflict; (iv) He must refrain from engaging in any activity that would prejudice their ability to carry out their duties ethically; (v) He must refuse any gift, favour, or hospitality that would influence or would appear to influence his actions; (vi) He must recognize and communicate professional limitations or other constraints that would preclude responsible judgment or successful performance of an activity; (vii) He must communicate favourable and unfavourable information and professional judgments or opinions; (viii) He must refrain from engaging in or supporting any activities that would discredit the profession (Robertson, 1996).

Although these codes of ethics guide the professional judgment of the accountants, the applicability of these codes is questionable in corporate financial reporting in Nigeria. Elebute (1998) asserted that the accountant's greed and selfish interest as well as management pressure to succeed, have made many professional accountants to go against their professional ethics in exercising professional judgment. If the financial statements must represent true and fair view, particularly of situations not specifically covered by an official pronouncement, the accountants' professional judgment must be built on ethical concept of the profession.

2.2 Professional Judgment

According to Moore (2009), professional judgment is a process used to reach a well-reasoned conclusion that is based on the relevant facts and circumstances available at the time of the conclusion. In other words, accounting professional judgment is the act of forming an opinion on accounting matter. It occurs in a setting of uncertainty and risk. Fundamental part of the process is the involvement of individuals with sufficient knowledge and experience. Professional judgment involves the identification, without bias, of reasonable alternatives; therefore, careful and objective consideration of information that may seem contradictory to a conclusion is key to its application. In addition, both professional skepticism and objectivity are essential to the process and to reaching an appropriate conclusion.

Professional judgment is not an arbitrary decision, a substitute for professional skepticism, or a method to rationalize a particular result. Performing the process in "form" without focusing on the substance does not constitute well-reasoned professional judgment. According to KPMG (2009), there are three broad areas in accounting where judgment is typically exercised. These are –

(i) Evaluation of evidence (e.g. does the evidence obtained from confirmations combined with other audit evidence, provide sufficient appropriate audit evidence to determine whether accounts receivable is fairly stated).
(ii) Estimating probabilities (e.g determining whether the probability-weighted cash flows used by a company to determine the recoverability of long-lived assets are reasonable).
(iii) Deciding between options (e.g. audit procedure choices, such as inquiry of management, inspection, or confirmation).

Ikoh (2012) posited that in exercising professional judgment, the accountant should give consideration to the following –

Identify the issue: Identify the accounting or auditing issue requiring the use of professional judgment. Consider the following:

- Has the issue been sufficiently framed?
- Are there any related issues that need to be considered in the process?

Gather the facts: Objectively obtain a thorough understanding of the relevant facts and information available concerning the transaction, event, or situation. Consider the following:

- Have source documents and other materials been examined, knowledgeable client personnel interviewed, and other available sources of information considered?
- Were the appropriateness and reliability of the assumptions and data to be used in the analysis of the transaction or situation sufficiently assessed, tested, .and objectively challenged by obtaining sufficient competent evidence?

Review relevant literature: Identify the accounting or auditing literature (or other standards and rules) relevant to the issue, keeping in mind the various authoritative pronouncements in the GAAP hierarchy and the different sources of professional auditing and attestation pronouncements. According to Moore (2009), the relevant accounting or auditing standard been identified and reviewed, recognizing that reference to more than one authority may be appropriate to address the issue; the underlying principles in the relevant accounting or auditing literature should be considered; the extent that one particular authority does not address the issue directly, have other pronouncements or literature, by analogy, been considered as appropriate.

Analyze the issue: Apply the applicable accounting or auditing literature to the relevant facts and other information concerning the transaction, event, or situation and assess the most appropriate accounting treatment or auditing approach under the circumstances. According to Elebute (1998), the following issues should be considered:

- Do the individuals addressing the issue have sufficient knowledge, experience, and objectivity for the matter being evaluated?
- Do additional resources need to be involved in addressing the issue?
- Have the reasonable alternatives been identified?
- Have the reasonable alternatives been analyzed, including the pros and cons of each alternative? For example, has all evidence been considered, including potentially contradictory evidence, and whether any negative evidence was outweighed by positive evidence?
- Has preferability or diversity in practice been considered?
- Has the business purpose and the form and substance of the transaction been analyzed?
- Have the audit risks and potential responses to those risks been analyzed? For example, if assessing the inherent risk of material misstatement of an account balance or assertion have the potential errors relevant to the account and the factors that could reasonably increase the likelihood of a material misstatement (by error or fraud) been analyzed?
- Has consideration been given as to whether the treatment that results from applying the relevant literature has been applied consistently to similar transactions, events, or situations?

Conclude and Document: The final stage is to contemporaneously document the conclusion reached, with specific discussion of the issue; applicable facts and evidence gathered; relevant literature, policies, and guidance; individuals consulted; alternatives considered; analysis performed; and basis for the conclusion reached.

- Was the rationale for the alternative selected (including the reason why the selected alternative is preferred to other alternatives or reasons why the preferred alternative was not selected) documented?
- Has an assessment been made as to whether the effort spent in the process and the extent of documentation are consistent with the significance and complexity of the professional judgment reached?

2.3 Methodology

The survey method of research design was adopted in this study and the population consisted of three hundred and seventeen (317) registered professional accountants in Rivers State of Nigeria. Due to the large size of the population, the researchers resorted to a sample study where the Taro Yemani sample size determination function was used to determine a sample size of one hundred and seventy-seven (177) professional accountants. In order to generate the necessary data for this study, a questionnaire designed in 5-point Likert-scale was administered on the respondents. The data generated for the study were analysed with the regression model, which was computed with the aid of the statistical package for social sciences (SPSS) version 17.

In this study, the predictor variable – ethical concept was measured using competence, independence, confidentiality, and integrity/objectivity; while the criterion variable – professional judgment was operationalized in various dimensions of credibility as shown in the questionnaire.

The model framework for this study is as specified below;

$$PJ = F[\alpha_o + \beta_1 \, COM + \beta_2 IND + \beta_3 CONF + \beta_4 INO + \ldots\ldots \mu i]$$

Where;

PJ = Professional Judgment; α= Regression Constant; β= Regression Co-efficient; COM = Competence; IND = Independence; CONF = Confidentiality; INO = Integrity/objectivity; μ= Error term.

In testing the stated hypotheses, the model framework was dis-integrated for each hypothesis.

H_{o1}: Professional competence has no significant impact on the credibility of accountant's judgment in corporate financial reporting.

In testing this hypothesis, data generated on competence were regressed against data on credibility of professional judgment, and the result obtained is shown in the table below.

Statistical Variables	**Values**
Regression Constant (α)	211547.305
Regression Co-efficient (β)	0.193
Correlation Co-efficient (R)	0.860
Co-efficient of Determination (R^2)	0.7396
P-value	0.016
t-statistic	2.822

Table 1; Impact of professional competence on the credibility of accountant's judgment
Source; SPSS Version 17 Window Output

The result presented in the above table revealed a correlation co-efficient of (R) of 0.860, which indicates a strong impact of professional competence, the credibility of professional judgment increases by 19.3%. The co-efficient of determination (R^2) of 0.7396 suggests that about 73.96% credibility in professional judgment is attributable to professional competence. The P-value (0.016) and t-statistic (2.822) indicate a significant impact. Therefore, the null hypothesis is rejected. This implies that professional competence has a significant impact on the credibility of accountant's judgment in corporate financial reporting.

H_{o2}: Independence of the accountant has o significant effect on the credibility of professional judgment in corporate financial reporting.

In testing this hypothesis, data generated on independence were regressed against data on credibility of professional judgment, and the result obtained is shown in the table below.

Statistical Variables	Values
Regression Constant (α)	30428.201
Regression Co-efficient (β)	0.112
Correlation Co-efficient (R)	0.660
Co-efficient of Determination (R^2)	0.436
P-value	0.021
t-statistic	2.403

Table 2: Effect of independence of the accountant on the credibility of professional judgment
Source; SPSS Version 17 Window Output

The result presented in the above revealed a correlation co-efficient (R) of 0.660, which indicates a high positive effect of accountant's independence on professional judgment. For 1% increase in accountant's independence, the credibility of professional judgment increase 11.2%. The co-efficient of determination (R^2) of 0.436 suggests that about 43.6^ credibility in professional judgment is attributable to independence. The p-value (0.021) and t-statistic (2.403) indicate a significant effect. Therefore, the null hypothesis is rejected. This implies that accountant's independence has a significant effect on professional judgment.

H_{o3}: Confidentiality of information has no significant relations with credibility of professional judgment in corporate financial reporting.

In testing this hypothesis, data generated on confidentiality of information were regressed against data on credibility of professional judgment, and the result obtained is shown in the table below.

Statistical Variables	Values
Regression Constant (α)	391722.079
Regression Co-efficient (β)	0.082
Correlation Co-efficient (R)	0.571
Co-efficient of Determination (R^2)	0.326
P-value	0.041
t-statistic	2.008

Table 3: Relationship between confidentiality of information and credibility of professional judgment

Source; SPSS Version 17 Window Output

The result presented in the above table revealed a correlation co-efficient (R) of 0.571, which indicates a high positive relationship between confidentiality and credibility of professional judgment. For 1% increase in confidentiality, the credibility of professional judgment increase by 8%. The co-efficient of determination (R^2) of 0.326 suggests that about 32.6% credibility in professional judgment is attributable to confidentiality of information. The p-value (0.041) and t-statistic (2.008) indicate a significant relationship. Therefore, the null hypothesis is rejected. This implies that confidentiality of information has a significant relationship with the credibility of professional judgment.

H_{o4}: Integrity/objectivity has no significant implication on the credibility of professional judgment in corporate financial reporting

In testing this hypothesis, data generated on integrity/objectivity were regressed against data on credibility of professional judgment, and the result obtained is shown in the table below.

Statistical Variables	**Values**
Regression Constant (α)	43E.453
Regression Co-efficient (β)	0.178
Correlation Co-efficient (R)	0.829
Co-efficient of Determination (R^2)	0.687
P-value	0.019
t-statistic	2.698

Table 4: Implication of integrity/objectivity on the credibility of professional judgment

Source; SPSS Version 17 Window Output

The result presented in the above table revealed a correlation co-efficient (R) of 0.829, which indicates a strong implication of integrity/objectivity on the credibility of professional judgment. For 1% increase in integrity/objectivity of the accountant, the credibility of professional judgment increase by 17.8%. The co-efficient of determination (R^2) of 0.689 suggests that about 68.9% credibility in professional judgment is attributable to integrity/objectivity. The p-value (0.019) and t-statistic (2.698) indicate a significant implication. Therefore, the null hypothesis is rejected. This implies that integrity/objectivity has a significant implication on the credibility of professional judgment in corporate financial reporting.

3.0 Discussions and Conclusions

Professional judgment is an increasingly important issue in accounting and auditing. As accounting standards become more subjective and fair value measurements increasingly take centre stage, accountants are required to exercise more and better professional judgment on a consistent basis. The result of our analysis indicated that professional competence has a positive significant impact on the credibility of accountant's judgment. This implies that as the accountant becomes more competent, the quality of professional judgment is improved. This result is in agreement with Magmu (2010), who revealed that professional competence minimizes the risk of biases in making professional judgment. It is also gathered in this research work that independence of the accountant has a positive significant effect of the credibility professional judgment. The implication of this result is that, if an accountant is independent of his client, a better judgment in financial reporting is assured. Madsen and Safritzi (1999) supported this finding by asserting that if the auditor's report is to lend credibility to audited financial statements where professional judgment could be exercised, users of the statements must view the auditor as being fair and impartial and not under the influence or control of his client.

Furthermore, it was revealed in this study that confidentiality of information has a positive significant relationship with the credibility of professional judgment. This means that accountants must not use their client's information for personal advantage as such would negatively influence their professional judgment. Meigs et al (1996) agreed with this result when they claimed that the use of confidential information for private gain hinders the trust and respect earned by the accountant, and such is capable of biasing professional judgment. More so, the study affirmed that integrity/objectivity has a positive significant implication on the credibility of professional judgment in financial reporting. This implies that professional judgment becomes more credible when exercised with the concept of integrity and objectivity. Prior research by William (1995) supported by result. William (1995) reported that accountants must not be associated with misleading financial statements, income tax returns, and other accounting reports, where judgment is exercised, if integrity and objectivity in accounting profession must be upheld. Based on the above, it is recommended that –

(i) Professional judgment in corporate financial reporting in Nigeria must be based on professional ethics in accounting;
(ii) Any professional accountant indulging in unethical conducts in exercising professional judgment should be disciplined accordingly and practicing license should be withdrawn.
(iii) A regulatory authority should be instituted by the accounting professional bodies in collaboration with the government to oversee and regulate the activities of professional accountants in Nigeria.

4.0 Research limitations and direction for further research

The major limitation of this study is its restriction to Rivers State, which is just one state of the 36 states of the federation. We therefore suggest that a similar study should be conducted in other states to test the veracity of the research findings.

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Appendix; Questionnaire Specimen

S/N	STATEMENTS	SA(5)	A(4)	D(3)	SD(2)	U(1)	Total
(A)	**Competence**						
1.	Professional accountants maintain appropriate level of professional competence						
2.	After appropriate analysis of relevant and reliable information by the accountant, a complete and unambiguous reports are usually prepared						
3.	Accountants perform their professional duties in accordance with relevant laws, regulations, and technical standards						
4.	Training and development through seminars, workshops and conferences are usually the watch dog of professional accountants						
5.	Professional accountants are adequately equipped with the necessary information technology skills						
(B)	**Confidentiality**						
1.	Sensitive information about a client is often disclosed by the accountant to client's competitors						
2.	Financial information acquired in the course of their professional work is often used by accountants for their personal advantage						
3.	Professional accountants fully disclose facts of any financial events irrespective of client's pressure to act otherwise.						
4.	Professional accountants are prohibited and sanctioned from disclosing client's information to third parties or for personal gain.						
5.	Professional accountants monitor the activities of their staff to ensure strict compliance to the confidentiality of client's information						
(C)	**Independence**						
1.	Gifts and other financial favours from clients are usually accepted by professional accountants.						
2.	Professional accountants are perceived as being under the influence or control of their clients						
3.	Professional accountants are partial in reporting financial transactions						
4.	Professional accountants take extensive measures to be independent.						
5.	Users of financial statements perceived professional accountants as being independent of their client						

S/N	STATEMENTS	SA(5)	A(4)	D(3)	SD(2)	U(1)	Total
(D)	**Integrity and Objectivity**						
1.	In the performance of their professional engagement, professional accountants knowingly misrepresent facts.						
2.	Accounting documents do not contain adequate disclosure of information necessary for the proper interpretation of facts.						
3.	Accounting professional associations have a vested interest in enhancing the public image of the profession.						
4.	Accounting information is usually disclosed and communicated fairly and objectively to users.						
5.	Professional accountants communicate both favourable and unfavourable information to users of financial statements						
(E)	**Professional Judgment**						
1.	A professional accounting judgment is only made when all relevant information has been collected and analysed						
2.	A profession accounting judgment is made in the context of the applicable accounting framework, accounting standards and other relevant literature.						
3.	A professional accounting judgment is usually made after undertaking appropriate due process						
4.	In exercising professional judgment accountants usually consider the treatment of similar transactions under the relevant accounting framework.						
5	Audit committee and other board members are often consulted where appropriate in making professional judgment.						
6	Accountants usually assess the reliability of resultant accounting treatment and entries arising from professional judgment.						
7	In exercising professional judgment, accountants usually consider and assess the range of alternative accounting treatments.						
8	Professional accountants consider information that is easily retrievable from memory as being more relevant and important for a judgment.						
9	Accountants seek for and put more weight on information that is consistent with their initial belief and preferences in pronouncing judgment						
10	In exercising professional judgment, accountants are anchored to management's estimate						