CIMA ETHICAL DILEMMA CASE STUDIES
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‘I’ve noticed annual results are adjusted to meet criteria for a government grant’

THE DILEMMA
I’m the new FD at a firm that’s funded by a government grant to provide community services. I’ve noticed that its annual results have been adjusted to meet the criteria for the grant: money from the current year is being retrospectively put into last year’s accounts. The MD wants to carry on doing this and has said that he will take responsibility for preparing reports away from me if I don’t continue reporting in the same way as my predecessor did.

CIMA’S RESPONSE
Section 100.12 of CIMA’s code of ethics identifies your MD’s actions as intimidation that would compromise your integrity. Section 300.14 details some of the safeguards that you might consider. Section 140.7 details situations where disclosure is required – for example, when an activity is illegal. You should take legal advice on the retrospective reporting, as what your MD sees as “creative accounting” could actually be fraudulent.

For the code and other online ethics resources, visit www.cimaglobal.com/ethics