
Assignment on case- “It was just a careless mistake”

Act441 (Section- 01)

1) Critically present the ethical dilemma presented in the case?

In this case, the ethical dilemma is all about honesty and integrity. David, the finance director, informed about a sales return of 4.5 million. He wants to adjust the amount with the sale but the sales director threatens him not to adjust the amount as it will decline the sale amount and will have an impact on bonus. Johnny, the Sales Director, told that it was a careless mistake by his employee and he has scolded them about it. He(J) threatens David not to show the adjustment only in one period.

Now, David is an ethical dilemma. He wants to keep accounts fair and honest even if they will get less bonus but the sales director threatens him.

2) Assume that David has accepted the suggestion given by Marketing Director. Which ethics standards (as per IMA Code of Ethics) David has compromised with? Explain.

Assuming David has accepted the suggestion from Johnny, he is going to compromise with Integrity and Credibility. Integrity & Credibility is the most significant part of an accountant. Integrity is abstaining from engaging in any kind of activity that might discredit the profession. Credibility is disclosing all relevant information that is expected to influence the user.

So, if David cooperates with Johnny, he will compromise with integrity & credibility as per the IMA Code of Ethics for his self-interest threat & Intimidation threat.

3) In such a situation, put your suggestions to David, what he should do?

An ethical dilemma is the worst situation for every employee. In this situation, David should inform his immediate supervisor about this matter. If he cannot achieve his goal, he can consult with the next level management. He should also consult with the audit committee, executive committee, the board of directors. He can make their CEO understand that not adjusting the sales return for getting bonuses will be an injustice to the investors and it might have a big impact on accounts later on also it will be against the IMA Ethics Code. Lastly, if nothing worked out, he should resign from that company.