

# **PRESSURE TO BREACH THE FUNDAMENTAL PRINCIPLES OF THE CODE**

Pressure is not always explicit to a professional accountant (PA).

**Do the following scenarios look familiar to you?**

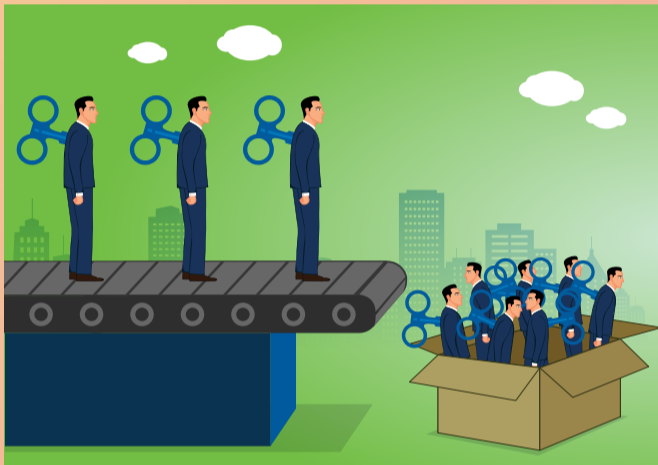
## **1. CONFLICTS OF INTEREST**

A PA's brother repeatedly asks the PA to award a supplier contract to the brother's company.



## **2. INDUCEMENTS**

A PA is encouraged by colleagues to accept lavish gifts offered by a vendor.



## **3. ACTING WITH SUFFICIENT EXPERTISE**

A PA is being pressured to take on a job even though the PA does not feel qualified.



## **4. INCENTIVES LINKED TO DECISION-MAKING**



A PA's colleagues try to coerce the PA to report biased performance results so that staff bonuses will be larger.

## **5. PRESENTATION & PREPARATION OF FIN. STATEMENTS**

A PA feels pressure to present overstated profits to meet analyst expectations.

- Situations can arise where PAs are pressured by a client, supervisor, or other person (e.g., a vendor, customer, or lender) to breach the fundamental principles (FPs) of the Code of Ethics for Professional Accountants (Code).
- **PAs must not allow pressure to breach FPs, nor pressure others to breach the FPs.**
- The Code emphasizes the importance of **discussions** and **consultations** to evaluate and address pressure situations, including with:
  - Management and those charged with governance
  - Human resources personnel
  - Professional or regulatory bodies or legal counsel

### **LEARN MORE**

IFAC's Exploring the IESBA Code:  
 Pressure to Breach the FPs  
<https://rb.gy/my8cv>



HKICPA Code of Ethics  
 Resource Centre  
<https://rb.gy/ez60q>

