

FROM THE EDITOR'S DESK

Greetings!

Ethics is a branch of philosophy that provides criteria for evaluating right and wrong. It encompasses the examination of principles, values and norms, the consideration of available choices to make the right decision and the strength of character to act in accordance with the decision. Ethics are taught in accounting courses at higher education institutions as well as by companies training accountants and auditors.

Sometimes accountants' involvement with large corporate scandals in recent times reflects that they have not complied with the expected ethical standards. It is extremely important for accounting professionals to be ethical in their practices because public rely on the information provided by the accountant professionals and based on their information about companies, public make investment decisions. Ethical behavior is necessary in the accounting profession to prevent fraudulent activities and to maintain transparency so that the interest of the stakeholders is safeguarded.

Code of ethics for professional accountants

A high standard of ethical behavior is expected from those who are engaged in a profession. These standards often are articulated in a code of ethics. The professional accounting bodies establish codes of ethics and integrity standards that their members must adhere to in their practice. These rules have been developed based on the 'principles of professional conduct', which form the basis for professional ethics. International Federation of Accountants (IFAC) has established the Ethics Standards Board for Accountants to develop and issue high quality ethical standards and other pronouncements for professional accountants for use around the world. This Code is in three parts. Part A establishes the fundamental principles for professional accountants and provides a conceptual framework for applying those principles. Parts B and C describe how the conceptual framework applies in certain situations.

The code of ethics of the IFAC includes the following fundamental principles:



a. *Integrity*: To be straightforward and honest in all professional and business relationships.

b. *Objectivity*: To not allow bias, conflict of interest or undue influence of others to override professional or business judgments.

c. *Professional Competence and Due Care*: To maintain professional knowledge and skill at the level required to ensure that a client or employer receives competent professional services based on current developments in practice, legislation and techniques and act diligently and in accordance with applicable technical and

professional standards.

d. *Confidentiality*: To respect the confidentiality of information acquired as a result of professional and business relationships and, therefore, not to disclose any such information to third parties without proper and specific authority, unless there is a legal or professional right or duty to disclose, nor use the information for the personal advantage of the professional accountant or third parties.

e. *Professional Behaviour*: To comply with relevant laws and regulations and avoid any action that discredits the profession.

Cost and Management Accountants have an obligation to provide services at the highest level of ethics possible. Ethics is an integral part of management accounting, and companies need to develop a code of ethics or conduct, to set the expected ethical behavior for an accountant.

This issue presents a good number of articles by distinguished authors on the 'Ethics of Accountants' the cover story theme of this issue and interview of industry stalwart. The new section, 'Letters to the Editor' that started a few issues ago, continues. We look forward to constructive feedback from our readers on the articles and overall development of the journal under this section. Please send your mails at editor@icmai.in. We thank all the contributors to this important issue and hope our readers enjoy the articles.