

## Sample Professional Responsibilities and Ethics CBE – Answers

- 1) A. A member must not knowingly fail to provide relevant information  
B. A member must not obtain work in any unprofessional manner  
D. A member must not knowingly make any statement which is misleading
- 2) D. A member is responsible for their own work and that of their employees and subcontractors
- 3) C. absolutely no payment
- 4) A. The CIOT or ATT  
B. Themselves  
D. The tax profession
- 5) True = To take due care in their professional conduct and professional dealings  
False = To be courteous to all with whom they come into contact in the course of their personal capacity and professional work
- 6) C. Courtesy
- 7) A. Both 1 and 2
- 8) True = It sets out the scope and nature of the assignment  
True = It is likely to be an important document in any dispute

- 9) B. The member should exercise sufficient supervision to ensure that the work performed is satisfactory
- 10) True = A member who is with a firm which is a member of a DPB may carry out exempt regulated activities  
False = Membership of the CIOT or ATT gives authority to provide all of the services regulated under the FSMA 2000
- 11) A. So that the member is able to defend any allegation of negligence  
B. So that the member, their colleagues and successors, can access a record of the client history to inform future client service  
C. So that the member is able to resolve any misunderstandings or complaints, including in relation to fees
- 12) A. The alternatives open to the client  
B. Relevant caveats and exclusions  
D. The risks associated with the advice
- 13) B. consider whether there is any conflict of interest in accepting the client and, if so, whether and how it might be managed
- 14) False = FATCA status must never be shared with other financial institutions  
False = All clients and entities will be within the scope of FATCA
- 15) C. 6 monthly intervals

- 16) B. Written instruction via a letter  
C. Written instruction via email  
D. Under the terms of the letter of engagement
- 17) B. The member agrees that a client company may settle an overdue invoice in instalments
- 18) True = A member will usually incorporate payment terms into the letter of engagement  
False = If a client is slow to pay, a member can always settle the fee from monies held on behalf of the client
- 19) Must be provided = Any information specifically requested by the TDB  
Does NOT need to be provided = All working papers relating to the complaint, even if not specifically requested by the TDB
- 20) A. There must be adequate disclosure of all relevant facts to both parties and both clients must be given the opportunity to consider whether they wish the member to act
- 21) False = The VAT records of a business  
False = The books of a registered company that have to be available for public inspection
- 22) Is a reason = It may be misleading, either directly or by implication  
Is a reason = It fails to comply with the requirements of the Advertising Standards Authority's Code

- 23) B. Disassociate themselves from the matter  
D. Consider seeking alternative employment
- 24) B. Subject to what is in clients' engagement letters, Jane could be sued jointly or severally with her employer
- 25) Correct = Fees received for subcontracted work must be included in gross fee income for PII purposes  
Incorrect = Employees who own more than 4% of the equity capital of their employer require PII
- 26) B. three consecutive years
- 27) A. The records should show the date the CPD was undertaken  
B. The records should show the details of the learning or activity  
D. Members should be able to explain why the level of CPD is appropriate
- 28) D. PII cover is required for 6 years after a member ceases to practise
- 29) True = John's fee income increases to fees of £90,000 per year  
False = John takes a partner into the practice, but the overall fee income remains the same
- 30) D. To provide an exhaustive list of circumstances which may pose a threat to the Fundamental Principles and Standards

- 31) A. the profession
- 32) A. Both 1 and 2
- 33) True = Tax planning should be based on a realistic assessment of the facts and on a credible view of the law  
  
True = Members should draw their client's attention to where the law is materially uncertain
- 34) C. If it is a reasonable assumption that the FHL conditions will be met, Alena can provide advice on this basis, but should state the assumptions made and the need for specific advice if circumstances change
- 35) True = Any legal implications of approving the return, both for the practice and themselves as the individual signatory  
  
True = Their legal authority to approve the return
- 36) A. Is the promoter subject to a monitoring notice within the POTAS regime?  
  
C. Is the arrangement client specific rather than a generic packaged scheme?  
  
D. Is the arrangement compatible with the Standards for Tax Planning?
- 37) True - it is an acceptable way = By text  
  
True - it is an acceptable way = In a telephone conversation, transcribed into a file note by the member
- 38) A. The approach taken in other clients' filings

- 39) C. Jonah may continue to act for the client if he is satisfied with the explanation
- 40) True = Emily should exercise appropriate professional scepticism when claiming the expenses  
False = Emily is required to verify information provided by the client
- 41) B. Will the tax planning result in a one-off tax saving or ongoing tax savings for the client?
- 42) True = Neglect of a member's own tax affairs could bring their professional body into disrepute  
False = A member in dispute with HMRC regarding their own tax affairs should always engage an agent to represent them
- 43) C. Legal privilege may be overridden if this is set out in legislation
- 44) B. she only suspected that the client was engaged in money laundering
- 45) D. If convicted of an offence, the maximum punishment is up to 14 years' imprisonment and/or an unlimited fine.
- 46) B. The MLRO can appoint deputies and delegates to undertake work associated with the role
- 47) AMLGAS does apply = Auditors  
AMLGAS does apply = Insolvency practitioners

- 48) C. The LLP should be treated like a private company in order to establish the beneficial owners
- 49) A. Crime  
C. Proceeds  
D. Suspicion
- 50) B. Privileged reporting exemption