



# Initial Assessment of Competence

## Professional Paper 2

January 2026

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<b>Part (e) Calculate, based on the internal rate of return method, which of the two loan offers received for the acquisition of CreativeLexi would be most cost effective.</b>							<b>Marks</b>
<p>For this required only, assume that –</p> <ul style="list-style-type: none"> <li>• SARS will allow a deduction of the interest on each loan in terms of S24J of the Income Tax Act;</li> <li>• MGT will not default on payments; and</li> <li>• the returns from CreativeLexi will be above the 30% requirement for loan option 1 for the duration of the loan.</li> </ul>							
<b>Loan 1</b>							
<i>FV Calculation</i> <i>N=5</i> <i>PV=2 500 000</i> <i>I=14%</i> <i>FV= R4 813 536</i>							1r/w
	<b>01 March</b>	<b>February 2027</b>	<b>February 2028</b>	<b>February 2029</b>	<b>February 2030</b>	<b>February 2031</b>	
Capital cash inflow	2 500 000						1
Tax 27%		94 500	107 730	122 812	140 006	159 607	1C
24J accrual amount		350 000	399 000	454 860	518 540	591 136	2
Capital cash outflow						(4 813 536)	0.5C
<b>Net cash flow</b>	<b>2 500 000</b>	<b>94 500</b>	<b>107 730</b>	<b>122 812</b>	<b>140 006</b>	<b>(4 653 929)</b>	
<b>COMP IRR</b>	<b>10,22%</b>						1C
<b>Loan 2</b>							
<i>Interest calculation</i>							
	<b>01 March 2026/27</b>	<b>01 March 2028/29</b>		<b>01 March 2030</b>			
<i>Premium / margin</i>	3%	3%		3%			
<i>Prime rate</i>	10,75%	11,25%		11,75%			
<b>Total Interest rate</b>	<b>13,75%</b>	<b>14,25%</b>		<b>14,75%</b>		2r/w	
<i>PMT calculation</i>							
<u>2026/27</u>							
<i>n=5</i> <i>i=13,75%</i> <i>PV=2 500 000</i> <i>Pmt=723 838,36</i>							1r/w
<i>PMT calculation</i>							
<u>2028/29</u>							
<i>n=3</i> <i>i=14,25%</i> <i>PV=1 687 561</i> <i>Pmt=729 936,85</i>							1.5C
<u>2030</u>							
<i>n=1</i> <i>i=14,75%</i> <i>PV=638 894</i> <i>Pmt = 733 131,32 – final period of payment -pay balance</i>							1.5C

	01-Mar	Feb-27	Feb-28	Feb-29	Feb-30	Feb-31	
Capital cash inflow	2 500 000						1
Initiation fee	(50 000)						1.5
Annual cash payment		(723 838)	(723 838)	(729 937)	(729 937)	(733 131)	1C
Tax 27% - s24J deduction		<b>92 813</b>	<b>78 702</b>	<b>64 929</b>	<b>46 097</b>	25 444	1C
24J accrual amount		343 750	291 488	240 477	170 729	94 237	3
Pre-tax yield		13,75%	13,75%	14,25%	14,25%	14.75%	
<b>Net cash flow</b>	2 450 000	(617 525)	(645 137)	(665 008)	(683 840)	(707 687)	1C
<b>COMP IRR</b>	10,98%						1C
Tax on initiation fees are not deductible under s11a as the loan would be taken to acquire a business which is a capital asset. Furthermore, the initiation fee on the loan would not be classified as interest under 24J due to the nature of the fees. Therefore, the tax from the fees is not deductible.							1
Loan offer 1 is the most cost-effective option.							1C
<b>Available</b>							<b>24</b>
<b>Maximum</b>							<b>24</b>
<i>Y3: Problem solving</i>							1
<i>(Mark awarded if candidates demonstrated depth in their response by using their calculations to compare the two financial results)</i>							
<b>Total for part (e)</b>							<b>25</b>

Part (f) Advise MGT on which loan offer it should accept.		Marks
<ul style="list-style-type: none"> <li>Consider both quantitative and qualitative factors.</li> <li>Do not provide calculations.</li> </ul>		
<b>Affordability</b>		
Before making a funding decision, MGT should consider the following factors:		
1	Loan 1 requires one single payment at the end of the five years. Although this gives MGT some relief during the loan term i.e. more cash efficient, MGT needs to consider whether it will generate sufficient returns from the investment in CreativeLexi to pay this when it becomes due or be able to refinance the loan. <b>(cost vs benefit)</b>	1
	The company will also be able to receive <b>tax deductions without a cash outflow</b> each year which would help to reduce the company's tax payable.	1
2	Loan 2 requires annual repayments of capital plus interest. This will increase the liquidity requirements to service the loan for MGT on an annual basis. However, the <b>constant payments</b> will also help reduce the final payment due at the end of the 5-year loan term.	1
3	MGT must consider the <b>penalties &amp; interest on missed instalments</b> ; the risk of these penalties will make loan 1 more attractive as potential unforeseen cashflow problems can lead to greater costs. The timing of the costs and their overall liquidity vs the returns from CreativeLexi. This may strain cash flows.	1
4	For loan 2, <b>the initiation fee is payable/due immediately</b> and annual interest and capital repayments on the loan. It is unlikely that the investment in CreativeLexi would have generated sufficient returns to cover such large payments in a short time period.	1
5	A further matter to consider is that the nature of the income from CreativeLexi is not recurring, and therefore repayment of annual instalments may be more difficult, potentially causing a <b>mismatch between cash inflows and outflows</b> for obligations. The bullet repayment profile enables the management of obligations.	1
<b>Cost of debt</b>		
6	Loan 1 is a fixed-rate loan while loan 2 is a variable-rate loan (based on prime). If MGT wants to minimise its exposure to <b>interest rate fluctuations</b> , it should choose loan 1.	1
7	In addition to the calculated IRR, MGT must consider the risks associated with the <b>prime interest rates</b> . These might increase by more than anticipated.	1
8	With the recent downward movements of the <b>prime interest rate</b> , there is a scenario where it may not increase in the near future by the projected amounts, and thus the cost of loan 2 could be even lower.	1
<b>Loan conditions</b>		
9	While loan 1 mandates a single payment at the conclusion of the term, the <b>30% return</b> requirement clause is a concern, as non-compliance by CreativeLexi would result in the loan becoming due immediately.	1
	It should be considered how the company will finance such a payment if this requirement is not met. This would further strain cash flows.	1
10	Furthermore, the 30% return is based on the performance of the investee, which is <b>not within the control of MGT</b> . Is MGT willing to take such a risk? A <b>sensitivity analysis</b> on the proposed acquisition will have to be done before committing to such terms.	1
	In addition, from the scenario, it is not clear how this <b>30% return will be calculated</b> . What metrics will be considered / used?	1
11	With the recent <b>scandals</b> around CreativeLexi and Arno's involvement, CreativeLexi might actually <b>not provide such returns</b> .	1

12	The <b>conditions of loan 2</b> seem more reasonable as the company would already be preparing financial statements as a private company, MGT could provide a guarantee. However, the <b>guarantees</b> required to be provided by the owner as security are not clearly defined and could therefore expose MGT to additional risk.	1 1
13	The management of MGT must consider whether they are willing to take on the increased risk of settling a R2,5 million loan should there be a <b>default under the loan terms</b> and the guarantee is called.	1
<b>Funder</b>		
14	Since <b>Holdings</b> is the holding company of MGT, it may be more flexible in its loan agreement conditions and be more supportive of MGT.	1
15	<b>Conclusion:</b> In addition to the lower IRR of loan 1, the qualitative risk factors seem to be less onerous than those of loan 2 (other than the 30% return requirement on investment). Loan 1 should be taken as it relieves financial pressure in the short term and has a more agreeable funder than loan 2.	1 1C
<b>Available</b>		<b>21</b>
<b>Maximum</b>		<b>10</b>
<i>Y4: Judgement and decision making (Mark awarded if candidates reached a conclusion based on both their qualitative considerations and quantitative results)</i>		1
<i>Z2: Business external environment (Mark awarded if candidates referred to a relevant current economic event and linked its likely impact on the prime rate and consequently the cost of the loan)</i>		1
<b>Total for part (f)</b>		<b>12</b>

Part (g) Based only on the information and data included in the extract from the report on the social media performance indicators, discuss the factors that MGT should consider before proceeding with the acquisition of CreativeLexi.		Marks
<ul style="list-style-type: none"> <li>Do not provide calculations.</li> </ul>		
<b>1</b>	<b>Scope of the report</b>	
1.1	<b>Period of assessment:</b> At the point where the report is evaluated, the scope of the report is limited to <b>two months only</b> , which would be insufficient to determine if the growth rate is sustainable over time or once-off.	1
1.2	<b>Historical data:</b> The scope only focused on the company, but Lexi has a long track record of engagements, which could include her <b>personal social media campaigns</b> , which will not be included in the CreativeLexi projections.	1
1.3	The report indicates that Lexi only referred to five of CreativeLexi's social media accounts and there may be more, as well as other personal social media accounts, which may indicate the <b>data is not complete</b> in assessing growth. Furthermore, no mention is made of <b>prior marketing campaigns</b> only current ones were included. This would most likely eliminate successful campaigns that assisted in Lexi building such a well-known brand for herself and the company.	1
1.4	The report does not consider where <b>CreativeLexi's social media accounts</b> are no longer followed, which can also impact growth rates since fewer people may react to her site.	1
1.5	Additionally, the scope is not <b>disaggregated based on the different marketing campaigns</b> across CreativeLexi's social media accounts, which makes it challenging to determine the consistency or success of the marketing campaigns and how these campaigns have enhanced social media engagement.	1
1.6	While the data was obtained from social media platforms through authorised access, the methods used to collect it may be in <b>contravention of the platforms' policies</b> and may not be sufficiently accurate, valid, or complete to support MGT's decision-making.	1
1.7	The report is limited to the social media platforms listed and <b>does not include others</b> , such as Threads, Pinterest, or BlueSky. However, it should be noted that these additional platforms are unlikely to be material, as only the major platforms were provided.	1
1.8	The report lacks <b>additional analysis</b> of follower groups in terms of location, age, gender, etc., to gain an understanding of the target market and what kind of brands it would be best for CreativeLexi to target.	1
<b>2</b>	<b>Data analysis</b>	
2.1	The report does not explain the process used to <b>clean up the data</b> gathered and data excluded from the analysis of the results, making it difficult to determine the accuracy of the findings.	1
2.2	It is not clear if the New Followers quantitative data includes or excludes followers that may possibly be <b>automated bots</b> on social media platforms. The data has not been explained well, and cryptic information are provided at times.	1
<b>3</b>	<b>Unrealistic engagement-to-purchase ratios</b>	
3.1	There is no analysis of the comments to determine positive, neutral or negative comments, which would not make it possible to determine the <b>success of marketing campaigns</b> or how the marketing has impacted users' perceptions of CreativeLexi clients. (Reputation is a driver over time for revenue generation.)	1
3.2	Management should consider the <b>fickle nature of social media</b> , and that the attractiveness, perceptions, and followings can change very quickly and unexpectedly, and that this risk should be built into the valuation.	1

<b>4</b>	<b>Presence of non-authentic accounts</b>	
4.1	The <b>average purchase amount</b> across all the platforms has remained the same, even though the engagement across the sites varies, raising concerns whether or not the purchases occurred, or the profiles exist/are an actual person. This is not impossible if it is only a single product with a price of R300 being promoted by CreativeLexi.	1
<b>5</b>	<b>IP address linkage</b>	
5.1	Multiple suspicious accounts were traced back to a <b>single IP address</b> , which might be associated with Arno / Lexi, who potentially committed fraudulent manipulation of interactions to support their projections.	1
5.2	A significant number of followers lacked profile pictures, bios, or any activity, and the consulting firm found that 3 600 to 4 500 new accounts from the same IP address began to follow CreativeLexi across YouTube, TikTok and X and were actively engaging with the content, suggesting the possible use of automated bot accounts or AI agents. This was only reported on and Mzansi got talent <b>will need to further investigate</b> this before moving forward with the acquisition.	1
5.3	As many of the user profiles have new followers, the likelihood of posts going <b>'viral'</b> is limited which may <b>negatively impact future growth rates and growth potential</b> .	1
5.4	This will further increase the concern of overpaying for this investment as they are trying to drive up the <b>valuations of shares of the company</b> .	1
<b>6</b>	<b>Other</b>	
6.1	It does not seem as if the report provides a sound basis (sufficient evidence) to support the purchase of the equity stake in CreativeLexi given all of the concerns expressed above about the main purpose of the business / possible updated report is needed.	1
6.2	The report does not address the trend often found on social media for popular trends/profiles to die down and become less relevant which may impact the valuation of the CreativeLexi brand.	1
6.3	MGT should consider whether they want to be <b>associated with a management team</b> that engages in questionable actions such as allegedly using bots to create followers, etc., as it could <b>negatively impact its reputation and impact its financial performance</b> .	1
6.4	MGT should consider how closely <b>Lexi's personal brand</b> is related to CreativeLexi as a <b>negative impact</b> on one will directly influence the performance of the other.	1
6.5	The absence of benchmarking against <b>industry standards</b> or comparable influencer conversion rates limits MGT's ability to assess whether the performance is commercially reasonable. The analysis could be strengthened by explicitly linking the reliance on Lexi's personal brand to issues of scalability and key-person risk within the valuation.	1
<b>Available</b>		<b>22</b>
<b>Maximum</b>		<b>10</b>
<i>Y5: Professional scepticism (Mark awarded where candidates demonstrated an ability to evaluate / interrogate the information presented in the report)</i>		1
<b>Total for part (g)</b>		<b>11</b>

Part (h) Discuss any ethical concerns you may have with regard to Arno's conduct in terms of the SAICA Code of Professional Conduct.		Marks
<ul style="list-style-type: none"> <li>Do not discuss any safeguards to address any possible breach or threat.</li> <li>Do not discuss the level of the threat.</li> </ul>		
<b>1</b>	<b>Arno's dual roles and application of the CoPC</b>	
1.1	Arno is the CFO of CreativeLexi, and as a professional accountant in business, he will have to comply with the SAICA CoPC, <b>Part 1 and 2</b> .	1
1.2	As Arno is an associate director at an auditing firm and is responsible for several audits, he is also a professional accountant in public practice and will have to comply with the SAICA CoPC, <b>Parts 1, 2</b> (in his capacity as an employer at his firm), <b>3 and 4A</b> .	1
The following circumstances create threats to compliance with the fundamental principles:		
<b>In his capacity as a professional accountant in practice:</b>		
<b>2</b>	<b>Issue 1: Dual role as CFO and associate director at an audit firm - Conflict of interest</b>	
2.1	A <b>self-interest threat to professional competence and due care</b> exists: <ul style="list-style-type: none"> <li>He may not be able to manage the <b>workload</b> of both positions in a manner that meets his fiduciary duty (as CFO) to CreativeLexi or his responsibilities to his audit clients from his main employer (the audit firm), which could <b>compromise the quality of his work</b>.</li> </ul>	½ ½ 1
2.2	A <b>self-interest threat to objectivity</b> exists: <ul style="list-style-type: none"> <li>Due to the continued conflict of interest, Arno's <b>professional judgement</b> may be compromised when he undertakes an <b>audit of a client in competition with CreativeLexi/potential investor of CreativeLexi</b>, especially when providing advice where there is a competing interest with CreativeLexi.</li> </ul>	½ ½ 1
2.3	<ul style="list-style-type: none"> <li>His <b>professional judgement</b> could also be compromised, and/<b>professional scepticism</b> decreases when he <b>audits potential investors</b>, and this might affect the quality of his audit work, as he might be biased and <b>not point out material misstatements and non-compliance with laws</b> in order not to compromise his relationship with the potential investors of CreativeLexi.</li> </ul>	1
2.4	A <b>self-interest threat to confidentiality</b> is created: <ul style="list-style-type: none"> <li>He used his dual role to his own advantage, which could pose further threats of him accessing <b>confidential information for personal gain as CFO of CreativeLexi/benefit of Lexi/enhance the competitive positioning of CreativeLexi</b>, since his audit portfolio or clients of the firm could include potential investors for the company.</li> </ul>	½ ½ 1
<b>In his capacity as a professional accountant in business:</b>		
<b>3</b>	<b>Issue 2: Arno's role as CFO of CreativeLexi</b>	
3.1	A <b>self-interest/advocacy threat to integrity/objectivity</b> exists <ul style="list-style-type: none"> <li>As Arno may be aggressive in his attempt to get additional clients, where he might promote CreativeLexi <b>by not being truthful in all aspects or withholding important information</b> to a point that his professional judgement is compromised, since business growth could lead to an increased salary.</li> </ul>	½ ½ 1
<b>4</b>	<b>Issue 3: NOCLAR considerations</b>	
4.1	A <b>self-interest threat to professional behaviour / integrity</b> exists: <ul style="list-style-type: none"> <li>By using automated bots, Arno may be creating fictitious user profiles to enhance the social media engagement metrics of CreativeLexi, resulting in</li> </ul>	½ ½ 1

	<b>reporting fraudulent information</b> (which is a common law offence) <b>to potential investors.</b>	
4.2	<ul style="list-style-type: none"> <li>By using automated bots to create fictitious social media engagement, and thereby manipulating key metrics, Arno might <b>be contravening cyber laws</b> in South Africa (for example, the Cybercrimes Act No 19 of 2020), <b>which would bring the profession into disrepute.</b></li> </ul>	1
4.3	<ul style="list-style-type: none"> <li>Engaging in conduct that results in the <b>misrepresentation of CreativeLexi's value</b> would <b>not constitute acting in good faith</b> (in accordance with his fiduciary duty in terms of s76 of the Companies Act), and if such information were to become public, it <b>could deter investors.</b></li> </ul>	1
<b>5</b>	<b>Issue 4: Arno's personal relationship with Lexi</b>	
5.1	<p>A <b>familiarity threat/self-interest threat to confidentiality</b> exists:</p> <ul style="list-style-type: none"> <li>As Arno might <b>want to maintain his personal relationship</b> with Lexi by <b>providing more confidential information</b> from audit clients of the firm that would assist Lexi in her career, and subsequently help her to obtain more clients and investors for CreativeLexi.</li> </ul>	½ ½  1
5.2	<p>An <b>advocacy threat to professional behaviour/integrity</b> exists:</p> <ul style="list-style-type: none"> <li>As all the equity instruments of CreativeLexi are owned by Lexi, Arno could use his role of CFO to <b>manipulate financial information shared with MGT to increase the valuation of the 70% equity interest</b>, which would benefit Lexi (with whom he has a personal relationship), and if he engages in such actions, it would discredit the profession.</li> </ul>	½ ½  1
<b>6</b>	<b>The following circumstances constitute contraventions of the fundamental principles:</b>	
	<b><i>In the capacity as a professional accountant in public practice</i></b>	
6.1	<p>Arno breached the principle of <b>confidentiality</b>:</p> <ul style="list-style-type: none"> <li>As he accessed confidential information from audit files and <b>leaked sensitive information</b> to Lexi about the firm's audit clients, including MGT, using this confidential information <b>for his private gain</b> as the CFO of CreativeLexi, and for Lexi's (the CEO of CreativeLexi) gain.</li> <li>Arno <b>did not obtain permission from the audit client</b> to share confidential information he obtained in his capacity as an associate director at the firm with third parties.</li> </ul>	½  1  1
6.2	<p>Arno did not adhere to the principle of <b>professional behaviour/integrity</b>:</p> <ul style="list-style-type: none"> <li>Since he did <b>not disclose to the audit firm that he was the CFO of CreativeLexi</b>, a potential investee for MGT, and that a conflict of interest exists, he <b>did not adhere to the quality control processes of the firm (ISQM1)</b>, and this could open the firm up to reputational damage or regulatory fines.</li> </ul>	½  1
6.3	<p>Arno did not act with <b>integrity</b>:</p> <ul style="list-style-type: none"> <li>Arno was dishonest as his timesheets revealed he <b>booked fictitious hours</b> to an audit client when he was not doing audit work.</li> </ul>	½  1
6.4	<p>Arno also did not act in accordance with <b>professional behaviour</b>:</p> <ul style="list-style-type: none"> <li>By charging booking fictitious hours to the client, which the <b>client will have to pay</b>, Arno is also <b>committing fraud (a common law offence)</b>, and his <b>behaviour</b> could bring the <b>profession into disrepute.</b></li> </ul>	½  1
	<b><i>In the capacity as professional accountant in business</i></b>	
6.5	<p>Arno did not act in accordance with <b>professional behaviour</b> at a fundraising event:</p> <ul style="list-style-type: none"> <li>Arno's arrest for drug-related charges and taking into <b>consideration the media coverage of Arno's conduct</b>, the profession may be viewed in a negative light, bringing the <b>profession into disrepute.</b></li> </ul>	½  1

6.6	Arno could be in breach of <b>professional behaviour</b> : <ul style="list-style-type: none"> <li>Some of the actions of Arno pertaining to his role as CFO, (engaging in actions that could lead to the false representation of the value of CreativeLexi or using confidential information to his own advantage) <b>could scare potential investors/clients away if these actions become public knowledge</b>; and it could be argued that Arno is not acting in the best interest of CreativeLexi (s76 of the Companies Act).</li> </ul>	$\frac{1}{2}$  1
<b>Available</b>		<b>29</b>
<b>Maximum</b>		<b>14</b>
<b>Total for part (h)</b>		<b>14</b>
<b>Note to markers:</b> <ul style="list-style-type: none"> <li>Candidates are not required to pertinently differentiate between discussions of Arno's capacity as a professional accountant in business versus a professional accountant in practice. These have merely been included to enhance future candidates' learning process.</li> </ul>		

Part (i) Discuss the ethical conduct of Lexi as the CEO of CreativeLexi in view of how she responded to the allegations in the video.		Marks
<ul style="list-style-type: none"> <li>Do not discuss the Companies Act and <i>King IV Report on Corporate Governance</i>.</li> </ul>		
<b>1</b>	<b>General</b>	
1.1	Lexi, as the CEO and public face of CreativeLexi (Pty) Ltd, has a <b>legal and ethical duty</b> to uphold the <b>values of integrity, accountability, and ethical leadership</b> and her conduct does not uphold these.	1
1.2	Labelling the video as a deepfake <b>rather than seeking expert assistance to prove it might have been deep faked, undermines her integrity/brings her integrity into question</b> , and she might not be honest about the events that occurred.	1
<b>2</b>	<b>Ethics triangle</b>	
	Ethical behaviour must strike a balance between self-preservation and community responsibility.	
	<b>Good for self</b>	
2.1	Lexi's aggressive defence may have been intended to <b>protect her personal and professional reputation</b> , particularly as a brand-driven public figure whose business depends on credibility ( <i>good for self</i> ).	1
2.2	By indicating that she will share the personal information (data) of the person who shared the video, Lexi will be in breach of the <b>Protection of Personal Information Act</b> , and if she is found guilty, <b>she will have to pay a fine to the Information Regulator or could face jail time</b> ( <i>bad for self</i> )	1
2.3	Even if her response helped protect her brand in the short term, <b>the medium and long-term impact could be negative</b> due to the following: <ul style="list-style-type: none"> <li>Her response <b>undermines the ethical tone</b> of her leadership;</li> <li>Her response <b>damages the business's legitimacy</b>, which could <b>possibly result in</b> regulatory scrutiny, revenue loss by losing existing clients, loss of potential clients, and defamation lawsuits.</li> </ul> ( <i>bad for self</i> )	1 1
2.4	Threatening to harm an alleged <b>whistleblower would dissuade others from becoming whistleblowers, and does not serve the interests of others</b> , especially not her clients, followers, or the public, and she would lose clients and potential investors who deem such behaviour inappropriate. ( <i>bad for self</i> )	1
	<b>Good for others</b>	
2.5	While it is natural for Lexi to want to defend herself, her aggressive response could <b>potentially endanger another individual's safety</b> (and perhaps even those close to them), compromising public trust, and; <p>This creates a <b>hostile online environment</b>, especially given her influence, which could lead the public to adopt similar behaviours.</p> ( <i>bad for others</i> )	1 1
2.6	Lexi does not appear to consider the adverse consequences of her actions for key stakeholders, including prospective investors (particularly MGT) and existing clients, whose <b>reputations may be harmed by association with her</b> and who may consequently withdraw their affiliation with the brand due to her approach to addressing the issue. ( <i>bad for others</i> )	1
2.7	Requiring others to harm another person online can be regarded as <b>cyberbullying</b> . ( <i>bad for others</i> )	1
	<b>Worldview and personal moral stance</b>	
3	Lexi's response exhibits characteristics of a Western worldview/egoism, as evidenced by her <b>emphasis on individualism and her focus on her own</b>	1

	<b>reputation and rights</b> , to the point of being <b>willing to compromise another individual's rights</b> .	
<b>4</b>	<b>Virtue ethics</b>	
4.1	Lexi did not make the decision <b>from a rationally controlled disposition</b> , as evidenced by the fact that, instead of calmly refuting the claim or launching an internal investigation, <b>she responded with hostility and vengeance</b> .	1
4.2	Her threat to sort out the alleged whistleblower <b>undermines the virtue of justice</b> , targeting an individual for potential exposure rather than engaging in lawful, ethical recourse.	1
4.3	Sharing others' personal information without their consent <b>demonstrates a lack of prudence</b> , is disrespectful, and reflects a <b>lack of concern for the long-term well-being</b> of her followers and other <b>stakeholders</b> .	1
4.4	Lexi's actions <b>deviate from the character of a virtuous leader</b> since her emotionally charged, retaliatory behaviour is inconsistent with the qualities expected of an ethical public figure and business leader. OR  Lexi's approach to morality <b>did not emphasise the cultivation of virtuous habits</b> such as <b>compassion</b> , as her immediate response was vengeance.	1
<b>5</b>	<b>Ubuntu / common good</b>	
5.1	Lexi's threat to dox an individual does <b>not exhibit characteristics of social harmony</b> , as she aims to violate their dignity and safety.	1
5.2	Her <b>failure to demonstrate compassion undermines the communal values</b> of care, interdependence, and reconciliation.	1
5.3	Lexi did <b>not engage constructively or seek restoration</b> ; instead, she opted for retaliation.	1
<b>6.</b>	<b>Deontological ethics</b>	
6.1	Lexi failed to consider whether she would <b>endorse a society in which individuals are legally permitted to disseminate her sensitive personal information</b> online to cause harm whenever they disagree with her ( <i>universalisability principle</i> ), and	1
6.2	Moreover, her reaction to the video indicates that <b>she would not accept being subject to such treatment herself</b> ( <i>reversibility principle</i> ).	1
	<b>Available</b>	<b>21</b>
	<b>Maximum</b>	<b>7</b>
	<i>11: Personal ethics – (Mark awarded where candidates demonstrated the ability to consider personal ethics, such as values, worldview or personal ethical theories in relation to Lexi and her decision making)</i>	1
	<b>Total for part (i)</b>	<b>8</b>
	<b>TOTAL FOR PART II</b>	<b>70</b>