Accounting Business Reporting for Decision Making 6th edition Birt Test Bank

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Testbank

to accompany

Accounting: business reporting for decision making

6th edition

by
Birt et al.

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Chapter 2: Accounting in society

Learning objectives

1. Describe business sustainability, outline its key drivers and principles and compare key theories in the area
   Q1, Q2, Q3, Q4, Q31, Q32, Q33, Q34, Q35, Q36

2. Appraise CSR reporting frameworks and the accountant's role in CSR
   Q5, Q6, Q7, Q8, Q9, Q37, Q38

3 Explain the concept of corporate governance
   Q10, Q11, Q39, Q40

4. Outline corporate governance guidelines and practices
   Q12, Q13, Q14, Q41

5. Outline the role of ethics in business and compare ethical philosophies relevant to business decision making
   Q15, Q16, Q17, Q18, Q19, Q20, Q21, Q22, Q23, Q24, Q42

6. Explain the use of codes of ethical conduct and apply ethical decision-making methods to business situations.
   Q25, Q26, Q27, Q28, Q29, Q30, Q43, Q44, Q45

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Multiple-choice questions

1. Which of these is *not* one of the nine principles of business sustainability performance?

    a. Ethics.
    *b. Foreign currency policy.
    c. Business relationships.
    d. Value of products and services.

Correct answer: b
Learning Objective 2.1 ~ Describe business sustainability, outline its key drivers and principles and compare key theories in the area

2. Which of the following is a key driver of business sustainability?

    a. Climate change.
    b. Economic globalisation.
    c. Connectivity and communication.
    *d. All the options are key drivers of business sustainability.

Correct answer: d
Learning Objective 2.1 ~ Describe business sustainability, outline its key drivers and principles and compare key theories in the area

3. Individuals or groups with an interest in the success of an entity are collectively referred to as:

    a. shareholders.
    b. board of directors.
    *c. stakeholders.
    d. employees.

Correct answer: c
Learning Objective 2.1 ~ Describe business sustainability, outline its key drivers and principles and compare key theories in the area

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4. According to stewardship theory, serving on an entity's board of directors:

   a. is purely for a director's self-interests.
   b. is a personal wealth creation opportunity.
   *c. is a chance to play a role in the proper workings of the marketplace.
   d. is for the benefit of one stakeholder, the entity.

Correct answer: c
Learning Objective 2.1 ~ Describe business sustainability, outline its key drivers and principles and compare key theories in the area

5. The underlying concept of triple bottom line reporting is in line with:

   a. shareholder value.
   *b. stakeholder theory.
   c. legitimacy theory.
   d. agency theory.

Correct answer: b
Learning Objective 2.2 ~ Appraise corporate social responsibility (CSR) reporting frameworks and the accountant's role in CSR

6. The role of accountants in reporting and promoting sustainability includes:

   a. reporting sustainability performance.
   b. internal control procedures.
   c. analysing of energy consumption costs.
   *d. all of the above.

Correct answer: d
Learning Objective 2.2 ~ Appraise corporate social responsibility (CSR) reporting frameworks and the accountant's role in CSR

7. The concept of the triple bottom line states that an entity is responsible for the areas of:

   a. economic, social and ethical performance.
   *b. economic, social and environmental performance.
   c. economic, environmental and ethical performance.
   d. social, environmental and ethical performance.

Correct answer: b
Learning Objective 2.2 ~ Appraise corporate social responsibility (CSR) reporting frameworks and the accountant's role in CSR

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8. Which of the following elements of triple bottom line reporting refers to an entity's natural capital?

   *a. Environmental performance.
   b. Economic performance.
   c. Social performance.
   d. None of the above.

Correct answer: a
Learning Objective 2.2 ~ Appraise corporate social responsibility (CSR) reporting frameworks and the accountant's role in CSR

9. Which framework is widely adopted to assist an entity's triple bottom line reporting?

   a. Conceptual framework.
   b. Financial framework.
   *c. GRI reporting framework.
   d. TBL reporting framework.

Correct answer: c
Learning Objective 2.2 ~ Appraise corporate social responsibility (CSR) reporting frameworks and the accountant's role in CSR

10. Corporate governance responsibilities for a company ultimately rest with:

   a. individual managers.
   b. the Australian Securities and Exchange Commission.
   c. the shareholders.
   *d. the board of directors.

Correct answer: d
Learning Objective 2.3 ~ Explain the concept of corporate governance

11. Which of the following is *not* a specific legal duty and responsibility of a company director?

   a. To act with due care and diligence.
   b. To avoid improper use of information.
   c. To act in good faith.
   *d. To benefit their own personal interests.

Correct answer: d
Learning Objective 2.3 ~ Explain the concept of corporate governance

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12. Corporate governance refers to the:

    a. reporting, management and control of an entity.
    *b. direction, control and management of an entity.
    c. control only of an entity.
    d. management only of an entity

Correct answer: b
Learning Objective 2.4 ~ Outline corporate governance guidelines and practices

13. The ASX guidelines for company directors and the code of ethics for accountants both require the following:

    a. consideration of the public interest.
    b. minimum technical and professional standards.
    c. need for transparency and accountability.
    *d. all of the above.

Correct answer: d
Learning Objective 2.4 ~ Outline corporate governance guidelines and practices

14. The ASX says a company should safeguard integrity in financial reporting, (principle 4). An important element of this principle is:

    *a. independent verification of financial reports.
    b. internal auditing of financial reports.
    c. a board of directors with a majority of members being executive directors.
    d. the chairperson of the board.

Correct answer: a
Learning Objective 2.4 ~ Outline corporate governance guidelines and practices

15. According to Carroll (1979), which of the following was *not* a category for the grouping of business key responsibilities?

    a. Economic.
    *b. Environment.
    c. Discretionary.
    d. Legal.

Correct answer: b
Learning Objective 2.5 ~ Outline the role of ethics in business and compare ethical philosophies relevant to business decision making

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16. An accountant responsible for making a decision that optimises the outcome for the most number of stakeholders is said to be following which approach to decision making?

    a. Deontological.
    b. Kantianism.
    *c. Teleological.
    d. Discretionary.

Correct answer: c
Learning Objective 2.5 ~ Outline the role of ethics in business and compare ethical philosophies relevant to business decision making

17. Which theory is considered to be relevant to modern corporate governance?

    *a. Ethical egoism.
    b. Utilitarianism.
    c. Kantianism.
    d. Deontological.

Correct answer: a
Learning Objective 2.5 ~ Outline the role of ethics in business and compare ethical philosophies relevant to business decision making

18. Which of these types of behaviour would be regarded as ethical?

    *a. Timely disclosure of a pending lawsuit which, if found guilty, will result in the entity being required to pay a substantial amount in damages.
    b. Non-disclosure of significant errors in the financial reports.
    c. A company director using confidential information for personal gain.
    d. Misleading advertising.

Correct answer: a
Learning Objective 2.5 ~ Outline the role of ethics in business and compare ethical philosophies relevant to business decision making

19. Which of the following statements relating to ethics is *not* true?

    *a. Ethical decisions are always easy to make.
    b. A high standard of ethical behaviour is in the long-term interests of an organisation.
    c. Ethics is concerned with whether human actions are proper or improper.
    d. Stakeholders deserve ethical behaviour from a firm's management.

Correct answer: a
Learning Objective 2.5 ~ Outline the role of ethics in business and compare ethical philosophies relevant to business decision making

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20. Kantian philosophy is grounded in the notion of duty or obligation and believes that a business that is motivated by maximising their profits, whilst doing so respectfully, is acting:

    a. with dignity.
    *b. prudently, but not morally.
    c. morally, but not prudently.
    d. loyally.

Correct answer: b
Learning Objective 2.5 ~ Outline the role of ethics in business and compare ethical philosophies relevant to business decision making

21. Which of the following statements relating to ethics is true?

    a. It is best to resolve ethical issues outside an organisation.
    b. Insider trading is not illegal.
    *c. Statements of best practice are a part of providing good corporate governance.
    d. There is no distinction between acting morally and acting prudently.

Correct answer: c
Learning Objective 2.5 ~ Outline the role of ethics in business and compare ethical philosophies relevant to business decision making

22. Which of these is *not* an ethical principle?

    a. Do unto others as you would have them do unto you.
    *b. The end justifies the means.
    c. The greatest good for the greatest number.
    d. The end does not justify the means.

Correct answer: b
Learning Objective 2.5 ~ Outline the role of ethics in business and compare ethical philosophies relevant to business decision making

23. Which of the following statements concerning ethical egoism is *not* true?

    *a. It underlies the assumptions in stakeholder theory.
    b. It is a teleological theory.
    c. It is where the decision maker decides what is best for him/herself.
    d. It is relevant to modern corporate governance.

Correct answer: a
Learning Objective 2.5 ~ Outline the role of ethics in business and compare ethical philosophies relevant to business decision making

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24. Deontological theories are concerned with an accountant's sense of duty. Which of the following philosophies is part of this group of theories?

*a. Kantianism.
b. Ethical egoism.
c. Psychological egoism.
d. Utilitarianism.

Correct answer: a
Learning Objective 2.5 ~ Outline the role of ethics in business and compare ethical philosophies relevant to business decision making

25. APES 110 *Code of Ethics for Professional Accountants* is issued by:

a. the Institute of Chartered Accountants in Australia.
b. CPA Australia.
c. Australian Securities and Investments Commission.
*d. Accounting Professional & Ethical Standards Board.

Correct answer: d
Learning Objective 2.6 ~ Explain the use of codes of ethical conduct and apply ethical decision-making methods to business situations

26. A factor which has *not* been a major reason for heightened interest in business ethics is:

*a. the introduction of the GST.
b. corporate collapses.
c. the community becoming more educated and aware.
d. globalisation.

Correct answer: a
Learning Objective 2.6 ~ Explain the use of codes of ethical conduct and apply ethical decision-making methods to business situations

27. The overriding application of APES 110 *Code of Ethics for Professional Accountants* requires accountants to:

a. act confidently.
b. act competently.
c. act with integrity.
*d. act in the public interest.

Correct answer: d
Learning Objective 2.6 ~ Explain the use of codes of ethical conduct and apply ethical decision-making methods to business situations

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28. Which of these practices is regarded as being unethical?

a. Removing a faulty product from the marketplace.
b. Prompt payment of an account payable.
*c. Working at the theatre and allowing a friend to enter without a ticket.
d. All above practices are ethical.

Correct answer: c
Learning Objective 2.6 ~ Explain the use of codes of ethical conduct and apply ethical decision-making methods to business situations

29. A major criticism of the financial planning industry is that:

*a. financial planners are paid via commissions.
b. financial planners are not salespeople.
c. financial planners are paid from direct fees for services provided.
d. financial planners make recommendations based on their client's objective and risk profile.

Correct answer: a
Learning Objective 2.6 ~ Explain the use of codes of ethical conduct and apply ethical decision-making methods to business situations

30. When faced with a moral dilemma, making an ethical decision is:

a. always easy if it will lead to a profitable outcome.
*b. difficult, as the decision may be controversial.
c. unnecessary.
d. easy as there is always one simple solution to the problem.

Correct answer: b
Learning Objective 2.6 ~ Explain the use of codes of ethical conduct and apply ethical decision-making methods to business situations

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Fill in the blanks

31. The concept that businesses are required to meet the needs of the present generation without compromising resources for future generations is known as business _____.

a. sustainability
Learning Objective 2.1 Business sustainability

32. A company that discloses information about its products and services in a timely manner is following the _____ principle of business sustainability performance.

a. transparency
Learning Objective 2.1 Business sustainability

33. An entity's societal and environmental obligations to all its stakeholders are known as _____ _____ _____.

a. corporate social responsibility
Learning Objective 2.1 Business sustainability

34. The theory that suggests the motive for serving on a board of directors goes beyond the perspective of pure self-interest is _____ theory.

a. stewardship
Learning Objective 2.1 Business sustainability

35. A commonly accepted part of business sustainability is to ensure the maximisation of _____ value.

a. shareholder
Learning Objective 2.1 Business sustainability

36. _____ theory suggests that entities must operate within the bounds and norms of society.

a. Legitimacy
Learning Objective 2.1 Business sustainability

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37. _____ _____ _____ reporting refers to reporting on the economic, social and environmental performance of an entity.

a. Triple bottom line
Learning Objective 2.2 CSR reporting frameworks

38. One of the benefits of sustainability reporting, as cited by members of the Group of 100, is the alignment of _____ needs with management focus.

a. stakeholder
Learning Objective 2.2 CSR reporting frameworks

39. The _____ Act identifies specific duties, responsibilities, and potential liabilities of directors of a company.

a. Corporations
Learning Objective 2.3 Corporate governance

40. Directors owe a legal duty to their company to act with _____ and _____.

a. care, diligence
Learning Objective 2.3 Corporate governance

41. One of the principles outlined by the ASX Corporate Governance Council is that companies should respect the rights of _____.

a. shareholders
Learning Objective 2.4 Outline corporate governance guidelines and practices

42. Ethically, businesses are obliged to act in the way expected of them by _____.

a. society
Learning Objective 2.5 Ethical philosophies

43. Not compromising your professional judgement because of bias or a conflict of interest is known as maintaining _____.

a. objectivity
Learning Objective 2.6 Codes of ethical conduct and ethical decision-making methods

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44. ‘Professional behaviour’ requires an accountant to refrain from any conduct that might bring _____ to the profession.

a. discredit
Learning Objective 2.6 Codes of ethical conduct and ethical decision-making methods

45. The minimum acceptable standards for accountants, issued by the professional bodies, are known as the code of professional _____.

a. conduct
Learning Objective 2.6 Codes of ethical conduct and ethical decision-making methods

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