CIMA

CIMAPRA17-BA4-1
BA4 - Fundamentals of Ethics, Corporate Governance and Business Law

Questions & Answers PDF

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Question: 1

According to the CIMA code of ethics, if appropriate safeguards cannot be identified to address threats to compliance with fundamental principles, a professional accountant should:

A. Proceed unless the situation will involve breaking the law
B. Proceed with necessary caution
C. Identify the situation to superiors before continuing with the professional service involved
D. Refuse to remain associated with the matter creating the conflict, where possible

Answer: D

Question: 2

Which TWO of the following are reasons why a company would choose to introduce a values based code of ethics?

A. To improve the cost efficiency of internal processes
B. To identify gifted staff
C. To provide guidance for staff
D. To help staff to tackle the ethical dilemmas that they might face at work

Answer: C, D

Question: 3

Which of the following courses of action is NOT part of the process that the CIMA Code of Ethics expects of professional accountants in resolving an ethical conflict?

A. Determine the appropriate course of action that is consistent with the fundamental principles identified
B. Evaluate the consequences of each possible course of action
C. Consult with other appropriate persons within the firm or employing organization for help if the matter remains unresolved
D. Proceed with the course of action that would do least damage to a professional accountant's career prospects

Answer: D

Question: 4

High profile corporate scandals in the past decade have had an effect on which of the following?

A. Public trust in business
B. Legislation in the US and elsewhere
C. Public trust in accountants
D. All of the above

Answer: D

Question: 5

You work for a company based in a capital city that leases office space to other organizations. Which of the following corporate issues is not related to ethics or social responsibility?

A. The energy efficiency of the buildings that you rent out
B. Honest and transparent contracts with your customers
C. Whether your buildings provide a safe and secure environment for workers and visitors
D. Having the prestige of renting out some of a capital city's most famous landmarks

Answer: D

Question: 6

Which of the following groups is a non-financial as opposed to a financial stakeholder of a company?

A. Competitors
B. Shareholders
C. Customers
D. Suppliers

Answer: A

Question: 7

Which of the following groups is a financial as opposed to a non-financial stakeholder of a company?

A. Journalists
B. Local charities

C. Employees
D. Competitors

Answer: C

Question: 8

Which ONE of the following statements is correct?

A. Adherence to legislation is always mandatory
B. Adherence to codes of ethics is always mandatory
C. Adherence to social responsibility policies is always mandatory
D. Adherence to charitable donation policies is always mandatory

Answer: A

Question: 9

Which of the following are TWO reasons why new legislation might be introduced in response to corporate scandals?

A. To prevent this type of unethical behavior by making it illegal
B. To punish individuals for adhering to codes of ethics
C. To encourage companies to make their own decisions about ethical matters
D. To enforce minimum standards of behavior

Answer: A, D

Question: 10

You work for a company that designs and manufactures children's toys. Which of the following is NOT an example of social responsibility that your company might choose to address?

A. The use of chemicals in manufacturing
B. The welfare of workers who assemble the company's products
C. The environmental impact of transporting toys from the country of manufacture to the country of sale
D. Whether the recommended retail price of a particular product provides sufficient margin after the unit cost of production is taken into account

Answer: D