

# CIMA BA4

## Fundamentals of Ethics - Corporate Governance and Business Law

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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**

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