



Ethics and Governance – Module 1 Quiz

Here are some easy questions just to test you have understood the main points within this module.

Questions

Question 1

Which of the following is not an attribute of a profession?

- A extensive education process
- B existence of a governing body
- C application of professional scepticism
- D systematic body of theory and knowledge

Question 2

Which of the following best describes the 'traditional' or 'functional' view of a professional?

Item I Professionals are law abiding citizens.

Item II Professionals behave in an ethical and appropriate manner.

Item III Professionals have a significant level of training and competence.

Item IV Professionals apply their skill and judgment in areas of importance.

- A I and II only
- B II and III only
- C I, III and IV only
- D II, III and IV only

Question 3

Which of the following is not one of 'the four Es' that form the ideals of the accounting profession as identified by Carnegie and Napier (2010)?

- A expertise
- B education
- C enlightenment
- D entrepreneurship



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Question 4

Which one of the following is not a perspective of a service ideal?

- A Pro bono work
- B Community service
- C The well-being of society
- D The pursuit of excellence

Question 5

Which of the following is *not* part of the self-regulatory structures of CPA Australia?

- A A process to discipline members for misconduct.
- B A requirement to have continued professional development.
- C Rules relating to the maximum fees to be charged for accounting services.
- D Entry requirements relating to minimum qualifications and experience.

Question 6

Which one of the following *best* describes what makes up the ethos and culture of a profession?

- A values and norms
- B customs and rituals
- C symbols and traditions
- D values, traditions and rituals

Question 7

Which of the following statements about the Australian accounting profession's self-regulation is correct?

- A The professional accounting bodies set their own ethical standards.
- B The Financial Reporting Council reports to the Australian Accounting Standards Board.
- C Auditors are professionally bound but not legally required to comply with auditing standards.
- D The Australian Auditing and Assurance Standards Board reports to the Financial Reporting Council.



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Question 8

Which of the following is not a part of a multi-level regulatory framework for quality assurance?

- A Monitoring
- B Firm regulation
- C Standard setting
- D Practice reviews

Question 9

Which of the following is one of the 'Big Four' accounting firms?

- A SMSF
- B Deloitte
- C Grant Thornton
- D Coopers & Lybrand

Question 10

Which of the following statements about the activities of accountants and small and medium enterprises (SMEs) is most correct?

- A Small accounting practices often undertake compliance work for SMEs.
- B Second-tier accounting firms often provide statutory audit services for SMEs.
- C Big Four accounting firms are often engaged to provide standard accounting services for SMEs.
- D A sole practitioner who provides accounting services to an SME is considered to be practising in the private sector.



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Solutions

Question 1: Correct answer is C

Explanation

- Option A This is incorrect because this is an attribute of a profession.
- Option B This is incorrect because this is an attribute of a profession.
- Option C This is correct because the application of professional scepticism is not an attribute of the profession. This option closely resembles 'the application of professional judgment' which is an attribute of the profession. Professional scepticism and professional judgment are very different concepts. Candidates who do not pay close attention to the options may mistake these concepts as being the same.
- Option D This is incorrect because this is an attribute of a profession.

Question 2: Correct answer is D

Explanation

- Option A This is incorrect because it includes statement I. All citizens are expected to be law abiding and so this does not make a person a professional. It is thus incorrect. This option also excludes statements III and IV which are correct and so is not the best description of professionalism.
- Option B This is incorrect because it excludes statement IV which is correct and so is not the best description of professionalism.
- Option C This is incorrect because it includes statement I which is not correct. Further, it excludes statement II which is correct and so is not the best description of professionalism.
- Option D This is correct because a professional is defined in the study guide as 'a person who has a significant level of training and a high level of competence and skills in an area, behaves in an ethical and appropriate manner and applies their skill and judgment in areas of importance.' Therefore, statements II, III and IV are correct.

Question 3: Correct answer is C

Explanation

- Option A This is incorrect because this is one of 'the four Es'.
- Option B This is incorrect because this is one of 'the four Es'.
- Option C This is correct because Enlightenment is not one of 'the four Es' identified. Carnegie and Napier (2010) identified the ideals of accounting professionalism as comprising 'the four Es' of education, ethics, expertise and entrepreneurship.
- Option D This is incorrect because this is one of 'the four Es'.



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Question 4: Correct answer is A

Explanation

- Option A This is correct because pro bono work is not a perspective identified. It falls under the perspective of 'Community service' but is not a stand-alone perspective.
- Option B This is incorrect because this is one of the three perspectives used to examine the service ideal.
- Option C This is incorrect because this is one of the three perspectives used to examine the service ideal.
- Option D This is incorrect because this is one of the three perspectives used to examine the service ideal.

Question 5: Correct answer is C

Explanation

- Option A This is incorrect because this is included in the self-regulatory structure of CPA Australia.
- Option B This is incorrect because this is included in the self-regulatory structure of CPA Australia.
- Option C This is correct because CPA Australia does not regulate the fees of professional accountants or prescribes a maximum fee for services as this would amount to anti-competitive behaviour. Further it is not one of the self-regulation structures covered by CPA as discussed in the study guide.
- Option D This is incorrect because this is included in the self-regulatory structure of CPA Australia.

Question 6: Correct answer is A

Explanation

- Option A This is correct because symbols, values and norms are part of the ethos and culture of a profession. Therefore, even though 'symbols' is excluded from this option, it includes two correct characteristics. The other options include incorrect characteristics and thus, option A is the 'best' description.
- Option B This is incorrect because neither customs nor rituals are identified as characteristics of ethos or culture of a profession.
- Option C This is incorrect because traditions are not explicitly identified as a characteristic of ethos or culture of a profession. Further, the inclusion of 'rituals' in this option is incorrect.
- Option D Users are presumed to have reasonable knowledge of business and economic activities and to diligently review and analyse the information (Conceptual Framework, para. QC32).



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Question 7: Correct answer is D

Explanation

- Option A This is incorrect because the Accounting Professional and Ethics Standards Board (APESB) is responsible for setting professional and ethical standards.
- Option B This is incorrect because the Australian Accounting Standards Board reports to the Financial Reporting Council.
- Option C This is incorrect because the auditing standards are legally enforceable in terms of the Corporate Law Economic Reform Program Act 2004.
- Option D This is correct because the AUASB was formed under the Corporate Law Economic Reform Program and it reports to the FRC.

Question 8: Correct answer is A

Explanation

- Option A This is correct because monitoring is an element covered under the 'Firm regulation' component.
- Option B This is incorrect because firm regulation is a component of a multi-level regulatory framework for quality assurance.
- Option C This is incorrect because standard setting is a component of a multi-level regulatory framework for quality assurance.
- Option D This is incorrect because practice reviews is a component of a multi-level regulatory framework for quality assurance.

Question 9: Correct answer is B

Explanation

- Option A This is incorrect because SMSF is not one of the 'Big Four' accounting firms. SMSF stands for Self Managed Super Funds and it is commonly referred to by accountants. Candidates who did not read the study guide but rely on their own knowledge and interactions with accountants may be misled by this option.
- Option B This is correct because Deloitte is one of the 'Big Four' accounting firms. The other 'Big Four' accounting firms are PwC (PricewaterhouseCoopers), Ernst & Young and KPMG.
- Option C This is incorrect because this is not one of the 'Big Four' accounting firms.
- Option D This is incorrect because this is not one of the 'Big Four' accounting firms.

Question 10: Correct answer is A



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Explanation

- Option A This is correct because SMEs often do not require a statutory audit so the work performed for SMEs generally relate to compliance.
- Option B This is incorrect because SMEs generally do not require a statutory audit. SMEs are more likely to engage the services of smaller firms.
- Option C This is incorrect because SMEs are more likely to engage the services of smaller firms for the provision of accounting and tax services.
- Option D This is incorrect because public practice refers to professional accountants who offer accounting services to businesses and the public. The SME is a business and the sole practitioner is providing accounting services to this business. Therefore, the sole practitioner is practicing and it would thus be considered a public practice. If the accountant was an employee of the SME and did not have his/her own practice, then the accountant would be considered to be practicing in the private sector.