



Ethics and Governance – Module 5 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 impact that underpins corporate social responsibility?

- A Social.
- B Political.
- C Economic.
- D Environmental.

Question 2

Which of the following is not likely to have a direct impact on environmental sustainability?

- A Laws prohibiting fracking.
- B The introduction of new carbon tax.
- C A repeat of the global financial crisis.
- D Restrictions on greenhouse gas emissions.

Question 3

Which of the following is not a social sustainability issue?

- A Child labour.
- B Biodiversity.
- C Ethical trading.
- D Supply chain management.



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Question 4

Which of the following is not a CSR theory?

- A Rights theory.
- B Legitimacy theory.
- C Stakeholder theory.
- D Enlightened self-interest.

Question 5

Which of the following is not one of the elements of financial reporting?

- A Assets.
- B Liabilities.
- C Expenses.
- D Cash flows.

Question 6

Which of the following is not part of the definition of an asset?

- A Control of a resource.
- B Resulting from a past event.
- C Inflow of economic benefits.
- D During the accounting period.



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Question 7

Which of the following relating to discounting future liabilities is correct?

- A Discounting future cash flows is not aligned with the aims and objectives of sustainability reporting.
- B Discounting distant future costs that are to be incurred increases the current liability that is to be reported now.
- C Discounting costs highlights the savings of future generations due to present generations accounting for the loss now.
- D Discounting social issues are done in terms of the accounting standards so there are no ethical issues as the process is fair.

Question 8

Which of the following relating to CSR theories is correct?

- A Institutional theory is based on the shareholder concept.
- B Social contract is the key concept of legitimacy theory.
- C The key concept of enlightened self-interest is stakeholder relations.
- D Stakeholder theory requires organisations to manage community perceptions to survive.

Question 9

Where in the annual report would you expect to find mandatory social and environmental reporting?

- A The financial statements and the chairman's report.
- B Notes to the financial statements and directors' report.
- C Corporate governance information and the auditor's report.
- D The Directors' declaration and the Chief Executive Officer's report.



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Question 10

In terms of the National Greenhouse and Energy Reporting Act, which of the following entities would be required to register with the Clean Energy Regulator?

- A A facility that emitted 23.5kt of greenhouse gases.
- B A corporate that consumed 199TJ of energy.
- C A facility that produced 150TJ of energy.
- D A corporate that emitted 26Kt of greenhouse gases.



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Solutions

Question 1: Correct answer is B

Explanation

CSR is underpinned by social, environmental and economic impacts. It does not explicitly include political impacts as this is incorporated into social impacts.

Question 2: Correct answer is C

Explanation

- Option A This is incorrect because fracking a process of creating fractures in rocks to extract oil and gas. There is strong debate regarding the environmental damage that this causes.
- Option B This is incorrect because new carbon tax laws will cause companies to limit their carbon emissions in an attempt to pay less tax and so this would positively affect environmental sustainability.
- Option C This is correct because the GFC is an economic impact and thus would not likely have a direct impact on environmental sustainability.
- Option D This is incorrect because this is likely to have a positive effect on climate change and would thus impact environmental sustainability.

Question 3: Correct answer is B

Explanation

Biodiversity is an environmental sustainability issue while all other options are social sustainability issues.

Question 4: Correct answer is A

Explanation

CSR theories include enlightened self-interest, stakeholder theory, legitimacy theory and institutional theory. Therefore, rights theory is incorrect.

Question 5: Correct answer is D

Explanation

Cash flows are reported but they are not an element. The elements are assets, liabilities, income (revenues), expenses and equity.



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Question 6: Correct answer is D

Explanation

The definition of an asset is 'A resource controlled by the entity as a result of past events and from which future economic benefits are expected to flow to the entity (para. 4.4(a)).'

'During the accounting period' is incorrect because this is part of the definition of an expense or income which relates to only a specific accounting period. Assets and liabilities occur over more than one accounting periods.

Question 7: Correct answer is A

Explanation

- Option A This is correct because discounting future costs reduces the liability that is reported in the current financial statements. Thus, the issue is decreased to the extent that it is not seen as significant even though it may have a huge impact in the future. Thus, the process of discounting is not aligned with sustainability objectives.
- Option B This is incorrect because discounting results in a decrease of the amount to be reported.
- Option C This is incorrect because discounting moves the responsibility for the costs to future generations. It does not highlight the savings of future generations.
- Option D This is incorrect because even though discounting is done in terms of the accounting standards, it still gives rise to ethical issues.

Question 8: Correct answer is B

Explanation

- Option A This is incorrect because institutional theory is based on organisational fields. That is other organisations within the same industry. It is not based so much on ethical theories.
- Option B This is correct because legitimacy theory is focused on managing the perceptions of the community and this is seen as fundamental for the survival of the organisation.
- Option C This is incorrect because enlightened self-interest is a shareholder concept.
- Option D This is incorrect because this statement is true for legitimacy theory and not stakeholder theory.



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Question 9: Correct answer is B

Explanation

Mandatory social and environmental reporting would generally be found in the directors' report, notes to the financial statements and corporate governance information.

Question 10: Correct answer is C

Explanation

- Option A This is incorrect because the facility needs to emit more than 25kt of greenhouse gases before it will be required to report in terms of the NGER Act.
- Option B This is incorrect because the corporate needs to consume more than 200TJ of energy before it will be required to report in terms of the NGER Act.
- Option C This is correct because the facility only needs to produce more than 100TJ of energy before it will be required to report in terms of the NGER Act.
- Option D This is incorrect because the corporate needs to emit more than 50kt of greenhouse gases before it will be required to report in terms of the NGER Act.