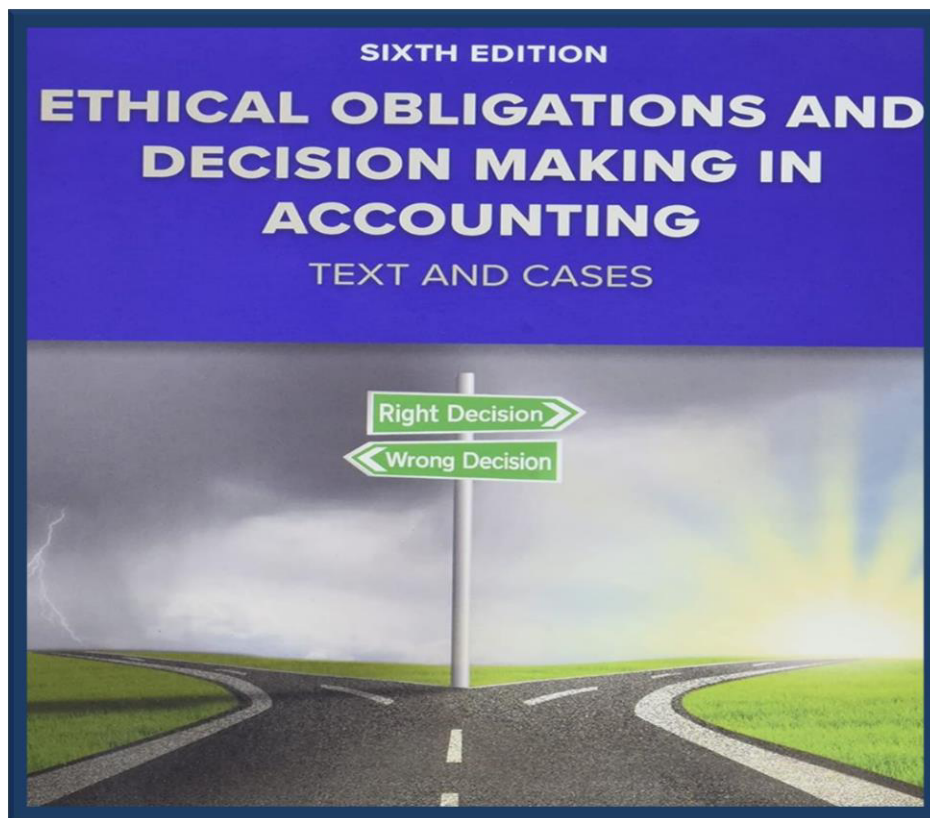


**Test Bank for Loose Leaf Ethical
Obligations and Decision Making in
Accounting: Text and Cases 6th Edition
by Steven M. Mintz & William F. Miller**

All Chapters 1-8 | Answers at the Back of Each Chapter



Chapter 01

MULTIPLE CHOICE

Choose the one alternative that best completes the statement or answers the question.

1) What is the common characteristic of Aristotle's virtues and ethical standards for CPAs?

- A) truthfulness
- B) integrity
- C) loyalty
- D) due care

2) Jane finds a material misstatement while auditing a client's accounts receivables. Her senior tells her to ignore the misstatement so that the client does not get upset. Jane wants to be viewed as a team player in order to advance in the firm, so Jane follows her senior's instructions and ignores the misstatement. Which ethical theory did Jane use to make her decision?

- A) egoism
- B) justice
- C) virtue ethics
- D) utilitarianism

3) Which of the following situations would be considered ethical?

- A) The cashier at Wal-Mart gives you \$5 more than you were supposed to receive and you don't do anything about it.
- B) You accidentally back into a car at Wal-Mart and leave your information for them to call.
- C) You receive fake \$20 bills and use them in a store while knowing they are fake.
- D) You find a phone in a restaurant and keep it.

4) Which of the following characteristics does not describe the importance of integrity in decision making?

- A) Acting out of moral principle

- B) Being loyal to one's superior
- C) Having the courage to do the right thing
- D) Not subordinating professional judgment to others

5) Which of the following characteristics does not describe the behavior of Cynthia Cooper in the WorldCom fraud?

- A) persistence
- B) competence
- C) integrity
- D) conformity

6) The ancient Greeks thought of the virtues as characteristics of behavior that

- A) could lead to a good life.
- B) make up the "six pillars of character".
- C) support the rights theory.
- D) rationalize unethical actions.

7) Which of the following elements does not make up an integral part of what is meant by "ethics"?

- A) accepted standards of behavior
- B) knowing the difference between right and wrong
- C) always following the law
- D) the moral point of view

8) Ethical relativism can best be described as others.

- A) a point of view that morality is relative to the norms of one's culture.
- B) a concept that holds that integrity should be maintained in the face of pressure by

- C) an ethical reasoning method that holds one should always act out of self-interest.
- D) an ethical reasoning method that holds one should always consider the effect of one's actions on others.
- 9) Which of the following is not a pillar of character according to the Josephson Institute?
- A) caring
 - B) citizenship
 - C) respect
 - D) judgmental
- 10) Which of the following is not an element of trustworthiness according to the Six Pillars of Character?
- A) reliability
 - B) loyalty
 - C) fairness
 - D) honesty
- 11) An accountant who blows the whistle on financial wrongdoing by his/her employer by going outside the entity violates
- A) the due care principle.
 - B) confidentiality.
 - C) one's reliability obligation.
 - D) public interest obligation.
- 12) Cancel culture results in each of the following except:
- A) manifests itself through intolerance of others with a point of view that diverges from group norms
 - B) exhibits a lack of respect for something someone said or did such as making offensive comments toward another
 - C) its goal is to embarrass someone in their community

D) enables a greater understanding and mutual compassion for one another

13) The 2019 annual poll on civility in society by Weber Shandwick continues to show that a vast majority of Americans identify incivility as a problem in society. The consequences of incivility include all of the following except

- A) people feeling safer in public places.
- B) cyberbullying.
- C) harassment and unfair treatment of certain groups of people.
- D) feelings of isolation and loneliness.

14) Respect is an important character of behavior because

- A) it entails a loyalty obligation to one's superior.
- B) it enables one to perform professional services competently.
- C) it is critical to maintaining one's integrity.
- D) it encompasses attributes of how we should treat others.

15) Responsibility goes hand in hand with

- A) respect.
- B) loyalty.
- C) courage.
- D) accountability.

16) Treating others fairly encompasses treating them

- A) equally, impartially, and responsibly.
- B) equally, responsibly, and openly.
- C) impartially, openly, and diligently.
- D) equally, impartially, and openly.

17) Which of the following characteristics is not part of behaving with empathy?

- A) being loyal to one's friends
- B) being understanding of one's friends
- C) being sensitive to the feelings of one's friends
- D) being caring about one's friends

18) If one's reputation is tainted, it may create a

- A) conflict of interest.
- B) loss of independence.
- C) lack of trust.
- D) loss of objectivity.

19) The Public Interest Principle in the AICPA Code of Professional Conduct recognizes

- A) the importance of integrity in decision making.
- B) the importance of loyalty to one's superior.
- C) the importance of whistleblowing when financial wrongdoing exists.
- D) the importance of maintaining confidentiality.

20) Objectivity requires that a CPA should

- A) maintain a mental attitude of intellectual honesty and independence.
- B) maintain a mental attitude of intellectual honesty and impartiality.
- C) act in accordance with the best interests of one's client.
- D) act in accordance with the best interests of one's employer.

21) The Independence Principle in the AICPA Code applies to

- A) all accountants and auditors.
- B) all CPAs regardless of professional services.
- C) all CPAs who render attestation services.
- D) all members of the audit committee.

22) A CPA would violate the Due Care Principle if he/she

- A) undertook a professional engagement without having the requisite background, knowledge, and experience.
- B) specialized in the industry of the client, even offering training classes for other accounting firms on the industry.
- C) worked for an accounting firm that used two external partner reviews on high risk audits or clients.
- D) performed tax services for an audit client with audit committee approval.

23) Aristotle believed that blank always preceded the choice of action. Aristotle is quoted as believing, "We are what we repeatedly do. Therefore, excellence is not an act. It is a

blank."

- A) virtue
- B) choice
- C) habit
- D) trait

24) The method of ethical reasoning that deals with making decisions after considering the interests of others is

- A) egoism.
- B) enlightened Egoism.
- C) utilitarianism.
- D) Rights Theory.

25) The method of ethical reasoning that evaluates actions in terms of harms and benefits is

- A) act utilitarianism.
- B) rights theory.
- C) justice.
- D) virtue.

26) The method of ethical reasoning that requires selecting the correct moral rule that produces the greatest benefits over harms is

- A) act utilitarianism.
- B) rule utilitarianism.
- C) rights theory.
- D) justice.

27) Which of the following elements is not an integral part of Rights Theory?

- A) act based on the consequences of one's actions on others
- B) treat people as an end and not merely as a means to an end
- C) act in a way you would want others to act in similar situations
- D) act in a way that is universally accepted

28) The ethical reasoning method that is based on treating equals, equally and unequals, unequally is

- A) enlightened egoism.
- B) act utilitarianism.
- C) justice.
- D) virtue.

29) Teleology deals with

- A) consequences of actions.

- B) fairness to others.
- C) respecting the rights of others.
- D) following prescribed virtue characteristics.

30) Deontology deals with

- A) rights of others and duties toward them.
- B) consequences of actions.
- C) following prescribed virtue characteristics.
- D) following the law as an element of ethical behavior.

31) The biggest problem in implementing a utilitarian approach to decision making is

- A) the interests of others may be subservient to self-interests.
- B) it fails to consider the interests of others.
- C) it can be difficult to weigh all the consequences of actions.
- D) it relies on moral absolutes.

32) The biggest problem in implementing a rights approach to decision making is

- A) the interests of others may be subservient to self-interests.
- B) it is difficult to weigh harms and benefits.
- C) it relies on moral absolutes.
- D) it can be difficult to determine criteria to distinguish equals from unequal claims.

33) The biggest problem in applying virtue theory to decision making is

- A) it can be difficult to identify virtues.
- B) it relies on moral absolutes in decision making.
- C) it can be difficult to determine virtues to distinguish equals from unequal claims in decision making.

D) conflicts between virtues may make decision making more difficult.

34) The credibility standard in the Statement of Ethical Professional Practice of the IMA requires that an accounting professional do all of the following except

A) communicate information fairly and objectively.

B) disclose all relevant information that might affect the intended user's understanding of the reports, analyses, or recommendations.

C) disclose delays or deficiencies in information, timeliness, processing or internal controls in conformance with organization policy and the law.

D) exclude professional limitations or other constraints that would preclude responsible judgment or successful performance of an activity.

35) Under the IMA's standards of ethical practice, an accounting professional can consider informing authorities or individuals not employed by the organization when an ethical dilemma occurs about an accounting or financial reporting matter that remains unresolved if he/she

A) believes there is a clear violation of the law.

B) contacts his/her immediate superior who says to forget about the matter.

C) informs the external auditors who tell him/her to inform the appropriate authorities.

D) believes there has been an ethical violation.

36) Eddie paid an \$8 restaurant check with a \$10 bill. The waitress gave him \$12 back. The most ethical action for Eddie is to

A) keep the extra \$10.

B) inform the waitress of her overpayment.

C) inform the manager of the restaurant of the overpayment.

D) leave a larger tip for the waitress.