

Answer all questions.

No. of pages: 05

Answer the Question 01 in this paper.

Time: 03-Hours

Index No: COM .....

01. i. Fill in the blanks using given multiple choices for each statement.

1. Owners of stock in a company are only liable for \_\_\_\_\_.
  - a. the amount they have invested in the company's stock
  - b. their personal assets
  - c. the amount they have invested in the company's stock and their personal assets
  - d. their personal assets and liability
2. The \_\_\_\_\_ that companies must meet is "do no harm".
  - a. moral obligation
  - b. moral minimum
  - c. moral requirement
  - d. moral duty
3. The \_\_\_\_\_ position is that a company can and should be evaluated not only in terms of its financial bottom line, but also in terms of its environmental bottom line and its social/ethical bottom line.
  - a. Bottom line
  - b. Double Bottom line
  - c. Triple Bottom line
  - d. Final line
4. A \_\_\_\_\_ sets out the purpose and general direction for the organisation?
  - a. Mission statement
  - b. Purpose statement
  - c. Vision statement
  - d. Profit statement
5. The \_\_\_\_\_ dimension of social responsibility refers to a business's societal contribution of time, money, and other resources.
  - a. Ethical
  - b. Philanthropic
  - c. Volunteerism
  - d. Strategic
6. Good corporate citizenship \_\_\_\_\_.
  - a. is expensive to implement and does not guarantee returns
  - b. must have management's sincere convictions behind it in order to succeed
  - c. is more relevant in countries with less regulation.
  - d. makes good business sense
7. \_\_\_\_\_ is the most widely used international accounting tool for government and business leaders to understand, quantify, & manage greenhouse gas emissions.
  - a. Greenhouse Gas (GHG) Protocol
  - b. Climate Disclosure Standards Board
  - c. Down Jones Sustainability Indexes
  - d. UN Guiding Principles on Business and Human Rights

8. A professional accountant's responsibility is to satisfy the needs of \_\_\_\_\_.
- individual client
  - the public interest
  - employer
  - supplier
9. Steps in the conceptual framework requires a professional accountant to \_\_\_\_\_ compliance with the fundamental principles.
- evaluate, identify and address threats
  - address threats, identify and evaluate threats
  - identify, evaluate and address threats
  - identify and disclosed
10. Professional Behavior of an Accountant mostly expected that \_\_\_\_\_
- A professional accountant should comply with relevant laws and regulations and avoid any action that discredits the profession.
  - A professional accountant should not allow bias, conflict of interest or undue influence of others to override professional or business judgments.
  - A professional accountant should be straightforward and honest in all professional and business relationships.
  - A professional accountant should respect the confidentiality of information acquired as a result of professional and business relationships.

(10\*1=10)

**ii. Underline the appropriate answer for the following multiple-choice questions.**

- A conceptual framework for financial reporting is
  - A set of items which make up an entity's financial statements.
  - A set of financial reporting standards.
  - A set of regulations which govern financial reporting.
  - A set of principles which underpin financial reporting.
- The primary users of general purpose financial reports are:
  - Investors and lenders.
  - Investors and customers.
  - Employees and lenders.
  - Investors and employees.
- The fundamental qualitative characteristics of financial information are:
  - Relevance and faithful representation.
  - Relevance and comparability.
  - Faithful representation and comparability.
  - Verifiability and understandability.
- The enhancing qualitative characteristics of financial information include:
  - Comparability and understandability.
  - Relevance and timeliness.
  - Understandability and faithful representation.
  - Relevance and faithful representation.
- Which of the following is not a contributory factor towards faithful representation?
  - Consistency.
  - Neutrality.
  - Completeness.
  - Freedom from error.
- The elements of financial statements which relate to financial position are:
  - Assets, liabilities and equity.
  - Income and expenses.
  - Assets, liabilities, income and expenses.
  - Income, expenses and equity.

7. If the current cost measurement basis is used, assets are measured at:
  - a. The amount which could be obtained by selling them.
  - b. Present value.
  - c. Replacement cost.
  - d. The amount paid to acquire them.
8. Recognition is the process of:
  - a. Determining where an item should be presented in the financial statements.
  - b. Incorporating an item in the financial statements.
  - c. Disclosing information in the notes to the financial statements.
  - d. Determining the amount at which an item should be shown in the financial statements.
9. To assure the quality of sustainability reporting and facilitate the efficient creation of comparable reports, the report producer needs to apply:
  - a. Reporting standards.
  - b. Reporting requirements.
  - c. Reporting rules.
  - d. Reporting regulations.
10. Which framework is regarded as one of the pioneers and most popular sustainability reporting standard worldwide to provide guidance on what and how to report?
  - a. International integrated reporting framework.
  - b. Global reporting initiative (GRI) standards.
  - c. UN Guiding Principles on Business & Human Rights.
  - d. EU Non-Financial Reporting Directive.
11. Reporting related to sustainability issues covers three (3) sustainability dimensions is called:
  - a. Specialized sustainability reports.
  - b. Integrated/ combined reports.
  - c. Isolated reports.
  - d. None of the answers is correct.
12. Which of the following is not considered one of the advantages of integrated reporting?
  - a. Improving quantity of information available to external stakeholders.
  - b. Enabling more efficient capital allocation.
  - c. Improving quality of information available to external stakeholders.
  - d. None of the answers is correct.
13. Generally, which of the following content elements should be covered in an integrated report?
  - a. Business model.
  - b. Organization all overview and external environment.
  - c. Performance.
  - d. All of the answers are correct.
14. Which of the followings is a guidance standard on how business and organizations can operate in a socially responsible way?
  - a. SDG Compass & the 12.6 Tracker.
  - b. Sustainable Stock Exchange ("SSE") initiatives.
  - c. OECD Guidelines for Multinational Enterprises.
  - d. ISO 26000.
15. "It has been consistently recognized as being among the most credible sustainability rating protocols". Which framework/tool is mentioned?
  - a. Greenhouse Gas (GHG) Protocol.
  - b. UN Guiding Principles on Business and Human Rights.
  - c. Down Jones Sustainability Indexes.
  - d. British Standard on Sustainability Management.

16. What is the definition of integrated reporting?
  - a. Integrated reporting is a type of financial audit.
  - b. Integrated reporting is a form of marketing strategy.
  - c. Integrated reporting is a process that results in communication, most visibly a 'integrated report', about value creation over time.
  - d. Integrated reporting is a method of inventory management.
  
17. Name three key components of integrated reporting.
  - a. Profit margins, revenue growth, and market share.
  - b. Financial information, non-financial information, and the concept of value creation over time.
  - c. Employee satisfaction, customer feedback, and environmental impact.
  - d. Historical data, future projections, and current market trends.
  
18. Why is integrated reporting important for businesses?
  - a. It provides a holistic view of the organization's performance and helps stakeholders make informed decisions.
  - b. It increases the cost of reporting and adds unnecessary complexity.
  - c. It is only relevant for large corporations and not for small or medium-sized businesses.
  - d. It only focuses on financial performance and ignores other important aspects of business.
  
19. How does integrated reporting differ from traditional financial reporting?
  - a. Integrated reporting does not include any financial information.
  - b. Integrated reporting is less detailed than traditional financial reporting.
  - c. Integrated reporting is only used by small businesses.
  - d. Integrated reporting includes both financial and non-financial information, while traditional financial reporting focuses only on financial data.
  
20. What are the benefits of implementing integrated reporting for an organization?
  - a. Integrated reporting only focuses on financial performance.
  - b. Integrated reporting is time-consuming and costly.
  - c. Integrated reporting has no impact on stakeholder engagement.
  - d. Integrated reporting provides a holistic view of the organization's performance, including its financial, environmental, social, and governance aspects.

(20 x 1 = 20)  
(Total)

02. Read the following cases and answer the question given below.

**a. Costs and benefits of environmentally friendly business practices**

The directors of Broome Ltd are concerned about the increased costs proposed by the company in adopting new, more environmentally friendly technology. Management has argued that the company was 'always going to pay a price for carbon reduction', but contends the short-term costs will be outweighed by the long-term benefits.

Required

Explain what benefits management might be referring by Broome Ltd. **(05 Marks)**

**b. Ethical investment**

The report Carbon counts 2011: The carbon footprints of Australian superannuation investment managers examines 14 of the largest superannuation funds in Australia, accounting for \$36 billion in equity holdings, and looks at the greenhouse gas emissions associated with 88 equity portfolios that employ different investment styles. The report is considered to have a significant impact on the investment strategies of superannuation funds.

Required

Outline the type of influence the report has. **(05 Marks)**

**(Total 10 Marks)**

03. a. Explain the terms of "Sustainability". **(05 Marks)**

b. Explain the difference between eco-justice and eco-efficiency, and outline how both might relate to business activities? **(05 Marks)**

c. Identify what information entities are likely to provide if they use sustainability reporting. **(05 Marks)**

d. Explain the difference between sustainability reporting and traditional financial reporting. **(05 Marks)**

**(Total 20 Marks)**

04. a. Discuss the relationship between Ethics and Accounting. **(05 Marks)**

b. List out the 05 characteristics to an ethical person. **(05 Marks)**

c. List out the 05 reasons for the unethical behaviour. **(05 Marks)**

d. What are the issues associated with the role of the audit committee in corporate governance. **(05 Marks)**

**(Total 20 Marks)**

05. a. Explain the Agency Relationship related to each of the group different interests and objectives. **(05 Marks)**

b. Explain the terms of "Agency Cost". **(05 Marks)**

c. Explain the Objective of General Purpose Financial Reporting. **(05 Marks)**

d. List out the qualitative characteristics of useful financial information. **(05 Marks)**

**(Total 20 Marks)**