

# Business ethics: survive the year assignment

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**ASSIGN  
BUSTER**

Make a partial adjustment for the uncorrectable receivable balance. Robin, the CEO, fears that booking the allowance adjustment will cause the auditor to report the instruction company's shaky financial position in the audit report. The company for which Chris is controller is facing financial difficulties and needs a bank loan to continue in existence. 2. Without a clean audit opinion, the bank will likely refuse the loan, and the construction company may

What Are the Ethical Issues?

The primary issues for Chris are honesty, integrity, personal reputation, and professional responsibility to the company, auditor, and the bank, versus the welfare Of the company and its owners and employees. Can Chris represent the Ender receivable without preordaining the bank loan application and without violating professional standards? Who Are the Primary Stakeholders? What Are the Ethics of the Alternatives?

Chris, the controller Robin, the CEO Employees and stockholders of the construction company The bank that is evaluating the loan application The auditor Ender Corporation Make the allowance adjustment for the total expected uncorrectable and/or be straightforward with the auditor about Mender's receivable. 01992 Arthur Andersen & Co, SC. All rights reserved.

What are the benefits and costs to each stakeholder? Do the benefits of getting the bank loan outweigh the possible costs to Chris and the company?

Based on a "rights" perspective, for each alternative: What are the rights Of each stakeholder? What are the responsibilities Of Chris, Robin, the auditor, and the bank? Which alternative would you prefer if you were an employee of the construction company? The bank? The auditor? From a "justice"

perspective: For each of Chrism's alternatives, which stakeholders have the greatest burdens and the greatest benefits? Which alternative most fairly distributes the benefits and burdens? Chris must consider the legal ramification of segregating the company's financial position to the bank.

The auditor may also find out about Mender's financial difficulties. Chris can: Not snake the allowance adjustment and hope that the auditor will not ask about the likelihood of Enders payment or be prepared to minimize Enders difficulties. What Are the Practical Constraints? What Are the Possible Alternatives? Based on a utilitarian costs and benefits analysis, for each alternative: What Actions Should Be Taken? What action would you take if you were in Chrism's situation? Which ethical theories most helped you to make your decision?