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**BA (HONS) ACCOUNTING & FINANCE Year 2**

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**WINTER 2024 EXAMINATIONS**

*Module Code:* **B7AF109**

*Module Description:* **Ethics & Corporate Governance**

*Examiner:* **Mr. Stephen Dunne**

*Internal Moderator:* **Mr. Richard O'Callaghan**  
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*External Examiner:* **Mr. Danny Chow**

*Date:* January 2024

*Time:*

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**INSTRUCTIONS TO CANDIDATES:**

**Time allowed is 2 hours.**

**Answer Four out of the following Five questions.**

**All questions carry equal marks (25 each).**

**Question 1**

- A. ESG refers to the three central factors of measuring environmental, social and governance issues within a business. Detail **three** of the key stakeholders who are interested in businesses that support sustainability and why they are interested.

**(15 marks)**

- B. Environmental, Social and Governance (ESG) reporting is about disclosing information about an organisation's operations in three areas. Explain each of these areas in detail and what they mean.

**(10 Marks)**

**(Total: 25 marks)**

**Question 2**

You are the Chairman of a listed multinational company in the wholesale distribution of cigarettes. You hear for the first time from an employee (who is a relative) that significant amounts of inventory in the organisation are unaccounted for. While the amounts are significant, they are not material from a financial reporting point of view. It is widely known that staff surreptitiously remove goods on a regular basis. Further, your informant tells you that a 'blind eye' is turned to this by management, who acknowledge that this 'long-standing practice' is an accepted norm that has developed over many years.

The company has had a history of very damaging industrial relations arising from employees being members of a powerful union. The managing director advises that if this matter is challenged by management, the whole workforce is likely to go out on strike. The strike is likely to be protracted, and to cause significant reputational damage to the company, including significant loss of business.

- A. Should the board ignore staff pilferage in favour of harmonious industrial relations, giving reasons why you would take a particular approach.

**(10 marks)**

- B. Explain what your concerns would be regarding employee behaviour.

**(5 marks)**

- C. What could be done to improve employee behaviour and address these ethical concerns.

**(10 marks)**

**(Total: 25 marks)**

**Question 3**

- A. Describe in detail what is meant by the following, and provide a practical example of each theory in a business environment:

- i. Agency Theory  
(5 marks)
- ii. Stakeholder Theory  
(5 marks)
- iii. Transaction Cost Theory  
(5 marks)

- B. In Agency Theory a conflict can sometimes arise regarding the principal and agent relationship. Explain how this might happen and why there can be such conflicting views in a normal business environment.

(10 marks)

(Total: 25 marks)

**Question 4**

In your role as compliance officer for a large financial services provider you are asked to present details about terrorist financing and money laundering to the management team. In your presentation you will be expected to explain the following:

- A. Explain with reference to the appropriate legislation what is meant by the term 'terrorist financing' and what financial activity the legislation is aimed at preventing.

(10 marks)

- B. Provide details on what the **three** basic steps involved in Money Laundering. You must explain the role of a financial service provider regarding this activity.

(10 marks)

- C. Give **two** examples of customer activity where financial service providers could complete a Suspicious Transaction Report.

(5 marks)

(Total: 25 marks)

**Question 5**

- A. 'If you want a board of directors to make good decisions, then information must be provided to them in a timely manner.' Explain what is mean by this statement.

**(5 marks)**

- B. There are four key means by which Management Control Systems support corporate governance within a business organisation. Name **two** and give a practical example of each.

**(10 marks)**

- C. The UK Corporate Governance Code has specific requirements regarding the positions of Chairman and CEO on the board. Explain what the requirement is under the Code.

**(5 marks)**

- D. Explain the **two** different types of director roles to be found on a board of directors. Please give a practical example of each type of role a director could undertake on the company board.

**(5 marks)**

**(Total: 25 marks)**

**END OF EXAMINATION**