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BA (HONS) ACCOUNTING & FINANCE

AUTUMN 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: **XXXXXXXX**

Date:

Time:

INSTRUCTIONS TO CANDIDATES:

Time allowed is 2 hours.

Answer Four out of the following Five questions. (25 marks each)

Question 1

- A. Pick one of the three theories listed here: Agency, Stakeholder or Transaction Cost. Describe in your own words:
- i. What the theory is about (5 marks)
 - ii. Name a party or individual involved in the theory and their role (5 marks)
 - iii. Give an example of the theory in the business environment (5 marks)
- B. Stakeholder theory can give rise to challenges between different parties. Give an example of a challenge and describe what might be involved. (10 marks)

(Total: 25 marks)

Question 2

- A. Explain the concept of corporate governance. How does it have a connection to ethics? (8 marks)
- B. Give one example of a business activity that complies with UK Corporate Governance Code requirements and one example of a business activity that does not comply with the UK Corporate Governance Code requirements. (10 marks)
- C. 'Shareholders have a responsibility to ensure a business activity is not illegal'. Discuss this statement and its relevance to the application of business ethics. (7 marks)

(Total: 25 marks)

Question 3

- A. Explain 'terrorist financing' and give two examples of this activity.
(10 marks)
- B. Name and describe in detail the three basic steps involved in Money Laundering.
(10 marks)
- C. Financial institutions can use Customer Due Diligence to identify money laundering or terrorist financing activity. Describe what is involved.
(5 marks)

(Total: 25 marks)

Question 4

You are a director of a listed multinational company in the wholesale distribution of cigarettes. You hear for the first time from an employee (a relative of yours) that 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. Should the Board have concerns regarding employee ethics and what could be done to address this issue.

(15 marks)

(Total: 25 marks)

Question 5

- A. Describe the types of Inside Directors and Outside Directors on a company board.

(10 marks)

- B. What is the role of Chairman in relation to the two director types on the board of a listed company?

(5 marks)

- C. Describe what is meant by Environmental Social Governance (ESG), often called Sustainability, and the way it normally is used within companies.

(10 marks)

(Total: 25 marks)

END OF EXAMINATION