



**National University of
Science and Technology**
Think in Other Terms



FACULTY OF COMMERCE
DEPARTMENT OF FINANCE
BACHELOR OF COMMERCE HONOURS DEGREE IN FINANCE &
FISCAL STUDIES
PART IV - 1ST SEMESTER FINAL EXAMINATION - JANUARY 2011
CORPORATE GOVERNANCE AND ETHICS [CFI 4107]
TIME ALLOWED: 3 HOURS

INSTRUCTIONS TO CANDIDATES

1. Answer ALL Questions in Section A, and ANY THREE in Section B
2. Start the answer to each full question on a fresh page of the answer sheet.
3. Questions may be written in any order, but must be legibly numbered.
4. Write legibly.

ADDITIONAL MATERIAL

1. Case study (Attached)

INFORMATION FOR CANDIDATES

The businesses in this question paper are intended to be fictitious

The paper contains SIX (6) questions.

All questions in Section B carry equal marks [20 marks]

Section A: [Total 40 marks]

Case Study.

Read the attached case study and answer the following questions.

Questions.

- (a) Identify corporate governance and business ethics issues raised in the case study. Discuss. (20 marks)
- (b) Make recommendations on how these issues may be addressed given that you are an expert of corporate governance and ethics. (20 marks)

Section B [Total 60marks]

Question 2.

It can be argued one cannot engage in a good debate on corporate governance without involving ethics. Good corporate governance entails ethical practices. Analyse and discuss this statement. (20 marks)

Question 3.

What do you understand about the following terms:-

- (i) Fiduciary duty of directors (3 marks)
- (ii) Separation of powers (3 marks)
- (iii) Duty of skill and care (3 marks)
- (iv) Creative Accounting (3 marks)
- (v) Insider trading (3 marks)
- (vi) Audit independence. (5 marks)

Question 4.

What corporate governance principles must the Zimbabwean government undertake to make the country a first choice for both local and foreign investment? (20 marks)

Question 5.

The current debate on corporate governance has been polarized between the shareholder and stakeholder models. Explain and discuss what you understand by these two opposing views on corporate governance. (20 marks)

Question 6.

- (a) List and explain at least ten (10) common unethical acts and practices in today's business. (10 marks)
- (b) What actions are you going to take to combat these unethical business practices you have identified above? (10 marks)