

NEW SYLLABUS
336

Roll No.....

Time allowed : 3 hours

Maximum marks : 100

Total number of questions : 6

Total number of printed pages : 4

NOTE : Answer ALL Questions.

PART – A

1. (a) Ebbers built WorldCom from a small telecommunications company into a global giant. It all started back in 1984, when he invested in a local long-distance phone company. Soon he was invited to manage it. He made it grow through a series of aggressive, even audacious mergers. Eventually, it became a publically traded corporation with annual revenues of \$39 billion. As the company grew, so did Ebbers's wealth, but his extravagant spending forced him to use all of his WorldCom stock as collateral for bank loans to pay his debts. If its price fell too far, he would be bankrupt. About this time in 1990s, the dot-com investment bubble burst. WorldCom's revenue declined and expenses for its world-spanning fibre optic network rose more than anticipated. According to later investigations, in 2000, Ebbers gave the first in a string of instructions to his Chief Financial Officer to report false revenues and use accounting tricks to disguise rising expenses. The share prices held. However, internal auditors discovered the deceit and reported it to the Securities and Exchange Commission (SEC). The agency started an investigation. WorldCom's Board of directors forced Ebbers to resign. Soon the truth came out and WorldCom shares lost 90% of their value. In 2002, WorldCom set a record in failure, breaking Enron's previous total for the largest bankruptcy in American history. Although the company ultimately survived, 17,000 workers lost their jobs and investors lost billions.

The purpose of Corporate Governance is to improve governance in the corporate but the story of WorldCom presented above puts a question mark on the sanctity of Corporate Governance.

Analyse the failure of Corporate Governance and give recommendations to keep future company operations in order and avoid others from following the footsteps of Ebbers even though he was forced by the Board of directors to resign.

(10 marks)

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: 2 :

- (b) (i) Why should companies give importance to social and ethical accounting ?
(ii) Do you think that an organisation having centralised organisation structure can lead to unethical acts ? Why ?
(iii) State the reasons of devising an effective whistle blower mechanism and policy.
(iv) Justify the ICSI principles of Corporate Governance on 'sustainable development of all stakeholders', 'discharge of social responsibility' and 'effective management and distribution of wealth' which seem to be very important principles for corporate.
(v) How is the Board size of companies determined ?

(2 marks each)

- (c) Being the Company Secretary of a large scale company, how will you prepare Board agenda and what are the steps you will follow for circulation of notice and agenda.

(5 marks)

Attempt all parts of either Q.No. 2 or Q.No. 2A

2. Elucidate the following :

- (a) Contents of a code of conduct
(b) Ethics in finance
(c) Internal control.

(5 marks each)

OR (Alternate question to Q.No. 2)

- 2A. (i) Discuss the role of qualified and independent audit committee in good governance.
(ii) Briefly explain OECD principles of Corporate Governance.
(iii) What do you understand by 'stakeholder analysis' ?

(5 marks each)

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: 3 :

3. (a) What are the causes of ethical dilemma and how will the senior management handle ethical dilemma ?
(b) How can an organisation facilitate visionary Board leadership ?
(c) Analyse the Corporate Governance framework in a public sector enterprise.

(5 marks each)

4. (a) The risk evaluation process requires a mathematical approach and considerable data on the past losses. Comment.
(b) Why do companies set-up remuneration committee and what is its role in companies ?
(c) Discuss Clarkson principles of stakeholder management.

(5 marks each)

PART – B

5. (a) What are the areas a company should focus upon so as to be a good corporate citizen ?
(b) Discuss the UN Global Compact, a strategic policy initiative in the areas of human rights, labour, environment and anti-corruption. How can companies align with these principles ?
(c) Explain the principle of absolute liability and departure from rule in the matter of *Rylands v. Fletcher* in dealing with companies handling hazardous chemicals.

(5 marks each)

Attempt all parts of either Q.No. 6 or Q.No. 6A

6. (a) Mention any ten sustainability terminologies. *(5 marks)*
(b) What are the key drivers of sustainability reporting ? *(5 marks)*
(c) "Sustainability is an emerging mega trend and is a measure of good Corporate Governance." Explain. *(5 marks)*

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: 4 :

OR (Alternate question to Q. No. 6)

- 6A.** (i) Discuss briefly the salient features of the Corporate Manslaughter and Corporate Homicide Act, 2007 of the United Kingdom.

(5 marks)

- (ii) Write a note on United Nations Framework Convention on Climate Change.

(5 marks)

- (iii) Explain the concept of stakeholder inclusiveness.

(5 marks)

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