

MASTER OF COMMERCE
THIRD SEMESTER
CORPORATE GOVERNANCE & BUSINESS ETHICS
MCM – 303

**SET
A**

[USE OMR SHEET FOR OBJECTIVE PART]

Duration: 3 hrs.

Full Marks: 70

Time: 30 mins.

(Objective)

Marks: 20

Choose the correct answer from the following:

1 × 20 = 20

- Cadbury committee on corporate governance was appointed:
 - By an ordinance of Queen Elizabeth
 - By London stock exchange
 - By both (a) and (b)
 - By Financial Conduct Authority (FCA)
- Identify from the following the embodiment of related party transaction:
 - It is an arrangement between two parties that have a preexisting business relationship
 - The most common types of related parties are business affiliates, holding company and subsidiary company.
 - It can include sale, leases, service agreements and loan agreements.
 - All of the above
- For corporate social responsibility the companies have to fulfill some conditions; identify the conditions appropriate for the purpose:
 - It is obligatory under section 135 of the companies Act
 - A company shall spend a minimum of 2% of the profit with Rs 500 crores net worth
 - A company shall spend 3% of the net worth as directed by SEBI for a listed company
 - Only (a) and (b)
- As per companies Act 2013, a related party transactions pertain to which one of the following:
 - A private company in which a director or his relative is a member or director of another company
 - A public company in which a director is a director and holds more than two percent of its paid up share capital
 - Subsidiary of a holding company to which it is also a subsidiary
 - All of the above
- A whistleblower is provided some protections for disclosure of some unfair business practices in public domain under which one of the following?
 - SEBI's code of corporate governance
 - Code of best practices
 - Section 11 (2) of the whistle Blowers protection Act 2011
 - Section 3 (2) of the companies Act 2013
- For corporate governance among the listed companies in the USA, Which one of the following is predominantly applicable, so far as it relates to overseeing board, surveillance, audit review?
 - Sarbanes Oxley Act 2002
 - SEC Act
 - Federal Reserve Law
 - Both (a) and (c)

7. For better corporate governance, a listed company is not allowed to appoint an audit firm as auditor:
- For more than two terms of five consecutive years
 - For more than one term of five consecutive years
 - For the first auditor of a company shall be appointed by the board of directors
 - Only (a) and (b)
8. Find out the most appropriate statement from the following?
- As per SEBI regulations, only a listed company is required to have independent directors as provided in clause 49 of the listing agreement.
 - Every listed public company shall have at least one-third of the total number of directors as independent directors
 - Every listed company shall have at least one women director
 - All of the above
9. In respect of ethics, the concept of invisible hand and theory of moral sentiment was advocated by which of the following?
- Adam Smith
 - Modigliani Muller
 - Sarvane Oxley Act
 - Both (a) and (b)
10. The functions of an audit committee embrace which one of the following?
- Report on review and audit of financial statements
 - Review of periodic disclosures
 - Recommendations by the audit committee to the board of directors.
 - All of the above.
11. A. Assertion: Every director in a company shall have one unique identification number as DIN containing all information in a data bank.
R. Reasoning: It will identify a person and relate his role as director in all his past and present companies.
Find out the appropriate option from the codes given below:
Codes:
- A is true but R is false
 - R is true but A is false
 - Both A and R are true
 - Both A and R are false
12. Mandate for spending on DSR has been prescribed under which one of the following?
- SEBI guidelines
 - Section 135 of the companies Act 2013
 - Ministry of corporate affairs
 - All of the above
13. Clause 49 is applicable to which type of companies?
- All companies registered under the companies Act
 - All companies listed with SEBI
 - All companies listed in any recognized stock exchange
 - All companies bonds.
14. Which one of the following is the best measure of independence of a director as per SEBI rules?
- A promoter director holding majority control in the affairs of the company.
 - A director with equity ownership with proportional voting rates
 - A shareholder with higher voting rights and jointly with the spouse.
 - A director without voting rights and without controlling influence

15. The appointment, reappointment and removal of independent directors as per SEBI regulation of 2015, shall be done through a:
- a. Ordinary resolution in shareholders meeting
 - b. A special resolution passed by 50% of the shareholders I listed companies
 - c. A special resolution passed by 75% of the shareholders in listed companies
 - d. Special resolution approved by 80 pc shareholders and with confirmation from high court.
16. The purpose of corporate governance in US, Japan, Germany and France is to help build:
- a. An environment of trust and transparency
 - b. Financial stability and business integrity
 - c. Support for stronger growth and more corporate citizenship
 - d. All of the above
17. Who forms the international corporate governance network (ICGN):
- a. European government
 - b. US shareholders in Nasdaq
 - c. Pension Funds
 - d. Asset management companies and shareholders association.
18. Japan's corporate governance code was pronounced by:
- a. Financial service Agency
 - b. Tokyo stock exchange
 - c. Bank of Japan
 - d. Mutual financial business providers
19. Which one of the following pertains to related party transactions?
- a. Director of one company is sitting in the board of another company.
 - b. Goods supplied by a company where a person acts as a director to a partnership where he acts as a partner.
 - c. A person as a supplier of goods to a company holds more than 30% stock in that company
 - d. All of the above
20. Which one of the following committees was appointed in France regarding corporate governance?
- a. Blue-ribbon committee
 - b. Green bury committee
 - c. Hanpel committee
 - d. Haut committee

(Descriptive)

Time : 2 Hr. 30 Mins.

Marks : 50

[Answer question no.1 & any four (4) from the rest]

- | | |
|--|--------|
| 1. Describe the principles and need for corporate governance. Indicate the concept of corporate citizenship. | 10 |
| 2. Describe the nature of related party transactions and the manner of its disclosures. | 10 |
| 3. Elaborate the SEBI's code of corporate governance with the mandate of clause 41 of share listing requirement. | 10 |
| 4. a) Discuss OECD principles of corporate governance.
b) State the Cadbury committee report on corporate governance. | 5+5=10 |
| 5. State the bearing of ethical practices on corporate governance. | 10 |
| 6. Elaborate the protection granted to a whistle blower. | 10 |
| 7. Describe the issues covered under udayKotak committee report appointed by SEBI. | 10 |
| 8. Give a lucid account of corporate social responsibility. | 10 |

= = *** = =