MACHAKOS UNIVERSITY

University Examinations for 2018/2019 Academic Year

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF BANKING, ACCOUNTING & FINANCE

THIRD YEAR SPECIAL/SUPPLEMENTARY EXAMINATION FOR

BACHELOR OF COMMERCE

EAE 314: FINANCIAL ETHICS

DATE: 26/7/2019 **TIME: 2.00-4.00 PM**

INSTRUCTIONS: Attempt Question One and any other Two Questions

QUESTION ONE (30 MARKS)

a) Explain the interdependence between economic development and corporate governance. (10 marks)

b) Discuss the benefits of Employees Stock Ownership Plan. (10 marks)

c) Enumerate the benefits of code of ethics in any organization of choice. (10 marks)

QUESTION TWO (20 MARKS)

a) Explain the terminology corporate governance; outline the merits and demerits of corporate governance. (10 marks)

b) Describe the balance sheet approach of remuneration, highlighting the benefits and limitation of the approach. (10 marks)

QUESTION THREE (20 MARKS)

a) Discuss the importance of financial ethics in an organization. (10 marks)

b) Describe five major principles of business ethics. (10 marks)

QUESTION FOUR (20 MARKS)

a) Discuss the benefits that accrue to an organization due participating in social corporate responsibility. (10 marks)

b) Define the terminology creative accounting; explain the impact of creative accounting to business. (10 marks)

QUESTION FIVE (20 MARKS)

Briefly describe the following reports.

a) Cadbury Committee Report (4 marks)

b) CII Committee Report (4 marks)

c) Greenbury report (4 marks)

d) Hampel report (4 marks)

e) Turnbull report (4 marks)