



UNIVERSITY OF EMBU

2017/2018 ACADEMIC YEAR

TRIMESTER EXAMINATIONS

**SECOND YEAR EXAMINATION FOR THE DEGREE
OF BACHELOR OF COMMERCE**

**DAC 204: PRINCIPLES OF INTERNAL CONTROLS AND CORPORATE
GOVERNANCE**

DATE: AUGUST 7, 2018

TIME: 2:00-4:00PM

INSTRUCTIONS:

Answer Question ONE and ANY Other TWO Questions.

QUESTION ONE (30 MARKS)

- a) Distinguish between stakeholder and shareholder. (4 marks)
- b) Discuss the following governance terms
 - i) Business Ethics (3 marks)
 - ii) Corporate Governance (3 marks)
 - iii) Internal control systems (3 marks)
 - iv) Corporate social responsibility (2 marks)
- c) Highlight the advantages of business ethics to consumers and society (5 marks)
- d) Highlight reasons for the presence of unethical business practices in corporations? (5 marks)
- e) State key areas management should put controls in a business enterprise (5 marks)

QUESTION TWO (20 MARKS)

- a) Discuss five broad areas covered by the Organization for Economic Co-operation and Development (OECD) Principles of good corporate governance? (8 marks)

- b) Identify any five stakeholders of University of Embu and explain their key roles in the University. (12 marks)

QUESTION THREE (20 MARKS)

- a) Discuss the following theories that have influenced the development of corporate governance.
- i) Agency Theory (7 marks)
 - ii) Stakeholder theory (7 marks)
- b) Discuss control measures that management can put over sales and trade receivables. (6 marks)

QUESTION FOUR (20 MARKS)

- a) The concept of corporate social responsibility is underpinned by the fact that corporations can no longer operate as isolated economic entities detached from the broader society.
- i) Analyse the reasons why businesses are increasingly embracing corporate social responsibility. (7 marks)
 - ii) Discuss the purpose of code of ethics within a corporation. (7 marks)
- b) Discuss the importance of business ethics in a corporation? (6 marks)

QUESTION FIVE (20 MARKS)

- a) Discuss the driving forces of governance code development (10 marks)
- b) Discuss key significance of corporate social responsibility within an organization (10 marks)

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