

**CMA JANUARY 2022 EXAMINATION
 ADVANCED LEVEL I
 CORPORATE GOVERNANCE & SECRETARIAL PRACTICES**

Course Code : LT344	Total Marks : 100
Reading Time : 15 minutes	Writing Time : 180 minutes

Instructions to Candidates

- You **MUST NOT** write anything during the reading time.
- There are 5 (five) questions.
- You should attempt ALL questions.
- Answers should be properly structured and relevant.
- Carefully read ALL the requirements and sub-questions before attempting a specific question.
- ALL answers must be written in the answer book.
- **AVOID WRITING/MARKING** on the question paper at any time which may cause disciplinary action.
- Start answering each question from a fresh sheet.
- Answers should be clearly numbered with the sub-question number.

Allowable Materials

- Writing Stationaries
- Non-programmable Calculator

Assessment Structure

		<i>Sub-question</i>	<i>Marks</i>	<i>Expected Time Required</i>
Question 1	Essay/Computational/Case	3	20	35 minutes
Question 2	Essay/Computational/Case	-	20	35 minutes
Question 3	Essay/Computational/Case	3	20	35 minutes
Question 4	Essay/Computational/Case	3	20	35 minutes
Question 5	Essay/Computational/Case	3	20	35 minutes
	Revision			5 minutes
	Total		100	180 minutes

RESTRICTED USE

This paper MUST NOT BE REMOVED from the examination venue

Do not turn the page until instructed

QUESTION 1**[5+10+5 = 20 MARKS]**

- (a) "Corporate governance is most essential for corporate sustainability" Explain the statement
- (b) Discuss the various external and internal corporate governance mechanism that are used in public ltd company.
- (c) Explain the principles of corporate governance with example.

QUESTION 2**[20 MARKS]**

OAH is a registered charity with 100 employees and 250 volunteers providing in-home care for elderly persons who are unable to fully take care of themselves. The company structure has no shareholders in a practical sense although a small number of issued shares are held by the sponsors who established the charity many years previously. OAH is governed by a seven-member Board of Directors. The chief Executive Officer (CEO) chairs the board which comprises the chief financial officer (CFO) and five independent, unpaid non-executive directors who were appointed by the CEO based on past business relationships. You are one of the independent members of OAH's Board.

The CEO/Chair sets the board agendas, distributes board papers in advance of meetings and briefs board members in relation to each agenda item. At each of its quarterly meetings the Board reviews the financial reports of the charity in some detail and the CFO answers questions. Other issues that regularly appears as agenda items include new government funding initiatives for the client group, and the results of proposals that have been submitted to funding agencies of which about 25% are successful. There is rarely any discussion of operational matters relating to the charity as the CEO believes these are outside the directors' experience and the executive management team is more than capable of managing the delivery of the in-home care services.

The Board has no separate audit committee but relies on the annual management letter from the external auditors to provide assurance that financial controls are operating effectively. The external auditors were appointed by the CEO many years previously.

OAH's Board believes that its corporate governance could be improved by following the principles applicable to listed companies.

Recommend how OAH's Board should be restructured to comply with the principles of good corporate governance.

QUESTION 3**[5+10+5 = 20 MARKS]**

- (a) Discuss the principles of business ethics and corporate Social responsibility.
- (b) There are some pillars that are considered for corporate sustainability explain them briefly.
- (c) As per COSO, ERM frame work some components that are aligned with risk management process - explain them briefly

QUESTION 4**[12+4+4 = 20 MARKS]**

- (a) 20 persons have subscribed to the Memorandum and Articles of Association to incorporate a private limited company - ABC Limited. The Articles of Association of the company did not mention the name of the first directors. The Articles of Association of the Company has a provision that the maximum number of directors will be 10, whereas all are claiming and introducing themselves to outside the company as the directors of ABC Limited.

Required:

What is the current legal status of directorship of ABC Limited and what actions does the company need to take to bring down the number of directors within the limit of its AOA?

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- (b) Board of Directors of a company proposed cash dividend @ Tk. 5.00 per ordinary share of Tk.10.00 each. In the Annual General Meeting some shareholders suggested to declare cash dividend@ Tk. 6.00 per ordinary share while some other shareholders suggested that the cash dividend recommended by the Board @ Tk. 5.00 per share be converted into stock dividend.

Required:

Explain how the Chairman of the meeting should deal with the suggestions of the shareholders.

- (c) ABC Limited is a public limited company and planning to go for IPO (initial Public Offer) where Mr. Khan FCA is holding the positions of Chief Financial Officer, Head of Internal Audit and Company Secretary. Mr. Khan has been serving this company for the last 25 years and mostly trusted and he is a reliable person in the company.

Required:

Comment on the position of Mr. Khan FCA regarding holding of 3 positions in ABC Limited according to the Corporate Governance Guidelines 2018 of the Bangladesh Securities and Exchange Commission.

QUESTION 5

[4+8+8 = 20 MARKS]

- (a) "The Secretary is an advisor to the Management" – explain the statement
- (b) Discuss the procedure to be followed at a board meeting and state the duties of the secretary relating to such meeting.
- (c) Describe the secretarial work regarding bonus share and right share.

END OF QUESTION
