



FINAL EXAMINATION
BACHELOR OF ACCOUNTANCY (HONOURS)

COURSE	: CORPORATE GOVERNANCE AND BUSINESS ETHICS
COURSE CODE	: CGE4013
DURATION	: 3 HOURS

INSTRUCTIONS TO CANDIDATES:

1. This question paper consists of **FOUR (4)** questions.
2. Answer **ALL** questions in the Answer Booklet provided.
3. Please check to make sure that this examination pack consists of:
 - i. The Question Paper
 - ii. An Answer Booklet
4. Do not bring any material into the examination hall. The use of a calculator is allowed.
5. Please write your answer using permanent ink.

MYKAD/ PASSPORT NO : _____

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LECTURER : _____

SECTION : _____

DO NOT OPEN THIS QUESTION PAPER UNTIL YOU ARE TOLD TO DO SO

This question paper consists of 5 printed pages including the front page

QUESTION 1

BumiFresh Agro Sdn Bhd is a growing company involved in the production and distribution of premium organic vegetables to supermarkets and hotels across Malaysia. Besides farming activities, the company also provides packaging and cold-chain logistics services. After 12 years of operation, the company's net assets have reached RM12 million.

The company is owned and managed by two long-time business partners, Encik Rahman and Mr Tan, who hold 48% and 52% of the shares respectively. Recently, Mr Tan's niece, Amanda, completed her Master's degree in Corporate Governance from the University of Amsterdam. Impressed by her qualification, both directors agreed to appoint Amanda as the new Managing Director.

Upon taking office, Amanda proposed that BumiFresh Agro adopts a more formal governance structure by implementing the continental European two-tier board system. Under this structure, representatives from AgroBank would sit on the supervisory board to oversee management performance. Amanda justified her proposal by arguing that the company is planning to expand nationally and may consider becoming a listed company in the future. She believes that having a supervisory board will strengthen financial monitoring and increase confidence among potential investors.

However, Hafiz, Encik Rahman's son and the Operations Manager, disagreed with Amanda's proposal. He argued that BumiFresh Agro is still essentially a family-oriented business with strong internal cash reserves. According to him, introducing a supervisory board and external monitoring would complicate decision-making and is unnecessary for a company that does not require external capital. A meeting was then arranged between the directors to discuss the matter.

Required:

- a. Assuming you are Hafiz, present to Encik Rahman and Mr Tan, **FIVE (5)** reasons for not implementing the continental European two-tier governance model.
(10 marks)
 - b. If you are Amanda, demonstrate **FIVE (5)** advantages of having a continental European two-tier model of governance.
(10 marks)
 - c. As Encik Rahman and Mr Tan:
 - i. Choose between Hafiz and Amanda.
(1 mark)
 - ii. Present your argument to your answer in (i).
(4 marks)
- (Total: 25 marks)

QUESTION 2

Below is an excerpt from the PETRONAS Sustainability & Integrated Report 2023. The figure illustrates PETRONAS' sustainability commitments in areas such as environmental protection, energy transition, operational efficiency, governance practices and social impact.

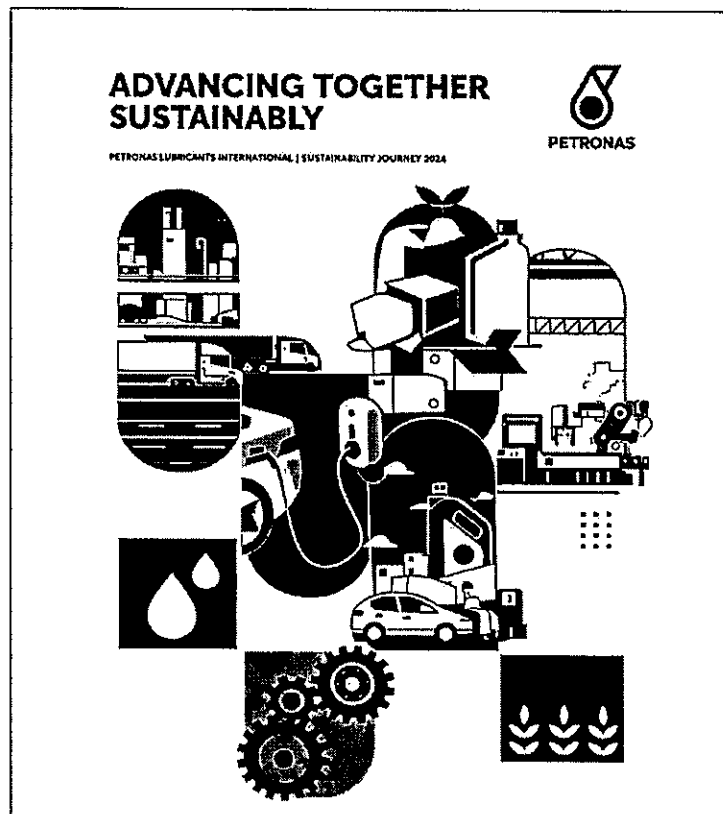


Figure 1: "Advancing Together Sustainably"

(Source: PETRONAS Sustainability & Integrated Report 2023)

Required:

- a. Based on Figure 1, demonstrate **FIVE (5)** benefits PETRONAS may gain from its sustainability reporting. (10 marks)
 - b. Illustrate the levels of Corporate Social Responsibility (CSR) in a diagram. (12 marks)
 - c. Based on your answer in (b):
 - i. Assess PETRONAS' level of corporate social responsibility according to Figure 1. (2 marks)
 - ii. Choose PETRONAS' level of corporate social responsibility. (1 mark)
- (Total: 25 marks)

QUESTION 3

Case: Contaminated Ice Cream Incident – Inside Scoop Malaysia (2023)

In 2023, several customers reported food poisoning symptoms after consuming ice cream purchased from Inside Scoop outlets in the Klang Valley. The Ministry of Health Malaysia (Kementerian Kesihatan Malaysia) conducted an inspection and ordered the temporary closure of a production facility after laboratory tests detected bacterial contamination in certain batches.

The incident gained public attention after multiple customers lodged complaints on social media, claiming that the company failed to ensure proper food safety and hygiene practices. Some affected customers sought medical treatment and demanded compensation for health risks and medical expenses.

Inside Scoop responded by recalling the affected batches, cooperating with the authorities, and issuing a public apology. However, the company argued that the contamination might have occurred during distribution or handling outside the factory and that there was no conclusive evidence directly linking the illness to their production process.

Several consumers argued that they purchased the product based on trust in the brand's safety and quality, and would not have bought it had they known of possible contamination.

(Source: Local Malaysian news coverage and MOH inspection reports, 2023)

Required:

- a. Argue whether Inside Scoop can deny responsibility for the claims made by consumers according to the contractual theory.
(15 marks)
- b. Hypothesize **FIVE (5)** actions that Inside Scoop may take to resolve the issue and restore public confidence.
(10 marks)

(Total: 25 marks)

QUESTION 4

**Case: Reporting Misconduct in a Government Project – Projek Jana Wibawa
(Malaysia, 2023)**

Nadia, a fresh graduate, was excited to begin her career as an administrative officer in a government-linked project unit involved in managing allocations under Program Jana Wibawa.

After several months, Nadia noticed unusual practices in the office. She realised that some contracts were awarded to companies without proper evaluation procedures. In certain cases, documentation was prepared after the approval was already granted. She also noticed that some officers were using government vehicles and materials for personal matters.

What shocked Nadia the most was discovering that several contractors appeared to be “pre-selected” even before the tender evaluation process began. Supporting documents were adjusted later to make the process appear legitimate.

Nadia reported her concerns to her immediate superior, the project manager. However, she was told, “Do not ask questions. This is how things are done here.”

Nadia felt conflicted. She needed the job to support her family, but she was deeply uncomfortable with the unethical practices she witnessed. She was aware that the department had a whistle-blowing policy that supposedly protected employees who reported misconduct.

(Source: Malaysian news coverage on investigation of Projek Jana Wibawa, 2023)

Required:

- a. Based on the Hohfeldian Analytical System, hypothesise the rights that:
 - i. Nadia has. (3 marks)
 - ii. The project manager has. (3 marks)
- b. Explain **FOUR (4)** distinctions of justice applicable to the above case. (16 marks)
- c. Nadia decided to report the issue through the whistle-blowing channel because she believed the tender process was unfair to other contractors. Based on your answer in (b), elaborate the type of justice Nadia was trying to uphold. (3 marks)

(Total: 25 marks)

(TOTAL: 100 MARKS)

END OF QUESTION PAPER

