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EXAMINATION CASE STUDY - REASSESSMENT 2014

Module code:	BL6004
Module title:	<i>Regulation and Management in the Global Economy</i>
Module leader:	Ronke Shoderu

Date:	JULY/AUGUST 2014
Duration:	2 HOURS
Exam type:	Unseen, Prepared
Materials supplied:	Case study issued in advance <u>*Case study to be submitted with exam booklet</u>
Materials Permitted	Case study issued in advance of exam. You may write notes only in the box provided for use in the examination. No additional sheets are permitted
Warning:	Candidates are warned that possession of unauthorised materials in an examination is serious assessment offence.

Instructions to candidates:

Read the attached case study carefully. It is issued to you prior to the examination to enable you to identify potential issues and research those areas. You are permitted to write notes in ink within the boundaries of the box outlined on the other side of this sheet. These are an aid to your memory only. Do NOT include pre-prepared or draft answers in the box provided.

You may highlight or underline parts of the case study but you should not write on the case study (other than in the space provided) either before or during the examination. If an invigilator finds a student with a case study infringing these regulations s/he will remove the case study, issue a replacement case study and note the incident on the student's examination booklet.

Candidates should answer **ALL THREE QUESTIONS**

(2 essay questions and

1 question consisting of 12 multiple choice questions).

All questions carry equal marks).

Assessment Criteria

1. Ability to explain the relevant issues clearly
2. Ability to analyse the information in the case study
3. Presentation of a structured and analytical discussion of the issues
4. An ability to identify and analyse the relevant rules, codes, laws and apply them to the given facts
5. Evidence of critical thought and solutions proposed

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You may write notes within the box provided below.

Brands Imola plc

Bart Easton is CEO and chairman and major shareholder of Brands Imola plc (Imola plc), a large sports company. The company was set up to offer a range of sports equipment services and more recently, sports related financial services.

The company's board consists of ten directors, six of whom hold executive office, with each director requiring re-appointment every four years. The company's shares have been listed on the London Stock Exchange for the last two years. There has been some discussion of whether to increase the number of directors, however Bart has been reluctant to do so. The board's nomination committee, which consists of three non-executive directors and two executive directors (one of whom is the company's Chairman), nominate several candidates to be put to the general meeting. Unfortunately, one member of the nomination committee did not contribute to the committee's work, as he was recently appointed for the first time to the office of director and had not yet received any training on his roles and responsibilities.

In November the company announced that due to restructuring, 8% of the workforce would lose their jobs. In January, the executives decided that the directors should be awarded bonuses amounting to £3.6 million and a 25% pay rise in base salary even though the company had failed to meet its performance targets. The pay increase was agreed at the meeting of the entire board. As part of this process, Bart (CEO) will receive an increase in base salary and a substantial bonus of £2.35 million. Some shareholders are aware of the figures involved and are unhappy.

Imola plc has decided that it must expand its presence in the international market and is keen to understand the nature of corporate governance codes and business structures in other countries and how they compare with the UK approach. Adam Alonso is an investor who is considering purchasing a substantial number of shares in Imola plc. He is aware of the company's ambition to expand its market share by expanding its international business. However, in light of the above events he is concerned about the company's commitment to good corporate governance practices. Portia McLaren, the only female director at Imola plc is also keen to investigate corporate governance issues.

Jo Sterling is the global business director at Imola plc, responsible for new business generation and project management and reports directly to Bart. Last year Jo completed a multi million pound contract with Murray Minto, the Minister for Health in Arcacia. Jo had worked closely with the Minister for a number of months and had invited the Minister, his family and his aide on a cruise on the company yacht.

Under the agreement, Imola plc agreed to build a new rehabilitation wing in the state hospital in Arcacia. The agreement made reference to the provision of state-of-the-art equipment including MRI scanners and specialist training for surgeons, physiotherapists and nurses in sport-related injuries. The agreement also covered general medical training and healthcare for all Arcacians. The package also gave the Arcacian Department of Health access to a financial scheme administered by Imola plc to help with funding for the project.

Three weeks ago an aide of the Minister was arrested when the Terno Haig England Finance Trust bank (THEFT) became suspicious of large amounts of money passing through the accounts of the aide and Minister and reported its concerns.

The Minister has also been arrested on suspicion of acting outside the obligations his office following allegations that a single payment of £20m had been deposited into his personal account. When questioned, he admitted receiving the money but said "I don't know why this money was transferred into my account".

Jo Sterling was arrested in London in connection with the ongoing investigation of the Minister and has been suspended pending a full investigation. When questioned about the £20m payment and the suggestion that he had made the deposit, Jo said "Maybe it was a birthday gift. I don't remember." Bart is angry that this scandal may impact on his reputation and the reputation of Imola plc if the case proceeds to trial.

Bart and the board of Imola plc and investors are concerned about the events relating to the company and have asked for your advice on the issues mentioned here. You will be asked to give your analysis and advice in the form of **THREE COMPULSORY QUESTIONS: two essay questions and one question consisting of multiple choice questions.** You are reminded that you must refer to relevant law, principles, rules etc in producing your advice. All questions carry equal marks.

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