

**BOWEN UNIVERSITY, IWO**  
**FACULTY OF SOCIAL AND MANAGEMENT SCIENCES**  
**DEPARTMENT OF BANKING AND FINANCE**  
**B.Sc. DEGREE PROGRAM**  
**FIRST SEMESTER EXAMINATION, 2013/2014 SESSION**

**COURSE TITLE: LAW, ETHICS AND CORPORATE GOVERNANCE**

**COURSE CODE: BFN 319    TIME ALLOWED: 2 ½ HRS**

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**INSTRUCTION: ANSWER QUESTION 1 AND ANY OTHER 3 QUESTIONS**

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1. (a) Section 16(1) of the Banks and Other Financial Institution Act 1990 (BOFIA) as amended provides that "every bank shall maintain a reserve fund out of its yearly net profit after tax, but before dividend is declared". State the restrictions (if any) on the amount of the net profit that should be transferred to the reserve fund.
  
- (b) The chief Executive Officer of JVC Plastics Company Limited has sent invitations to members of the public through telephone calls to come and deposit money with the company.  
  
With reference to Section 40 of BOFIA, discuss the validity of the Chief Executive Officer's act. Will your answer be different if the Company involved is a bank?
  
2. (a). Define Negotiable Instrument. When is a Negotiable Instrument expressed to be transferred:
  - (i) Free from equity
  - (ii) Subject to equity
  
- (b). Who is a holder in due course of a Bill of Exchange and what are his rights?
  
- (c). State with REASONS whether the following are valid Bill of Exchange:
  - (i) "Pay Tunde the sum of ₦55,000 ten days after his marriage to Bose"
  - (ii) When Chinedu was in a hurry and he could not locate his pen, he wrote in Pencil on a piece of paper "TO BOWEN BANK, Iwo, Pay to Kolade Bolutife, the sum of ₦25,000 or order".
  - (iii) Pay Tolulope Lakunle ₦175,000, three months after date, with three months interest at 21%
  
3. a) What is Ultra Vires in Company Law?
  - b) What is the purpose of the doctrine?
  - c) What are the salient differences between a private and a public company under CAMA? Discuss exhaustively.

4. Corruption facilitates and project crimes in banks. Most of the corruption related bank crimes involve staff conspiring with third parties. It is usually done by staff that solicits or accepts advantage as a reward for taking possible action or refraining from taking particular action without the employer's consent. As a bank manager, mention the common corruption-related risk areas in banking operations that you should be fully aware of.
  
5. Corporate power clearly is the predominant power in the society and the problem is how to limit it. The concern of public policy, summed up in the phrase "Social Responsibility", derives from the growing conception of a common society and controls which a polity may have to impose on economic ventures that generate unforeseen consequences far beyond intention or power of control of the initiating parties.
  - a) What do you understand by Corporate Social Responsibility?
  - b) Give three (3) examples of activities by a company that would be described as showing an awareness of Corporate Social Responsibility.
  - c) Why is it argued that awareness of Corporate Social Responsibility is crucial for good corporate Governance?
  
6. Ethics, Law, Religion and Conscience are all forms of behavioral control aimed at moulding a better individual. Discuss each of these disciplines, identifying their differences and state the limitations that inhibit the effectiveness of each.