



PUBLIC TRUST AND ETHICS EXAMINATION

EXAMINATION QUESTION

Monday 30 October 2023

Time: 10:00 – 12:00 (2 hours)

Instructions to Candidates

This examination is two hours in length.

You have been allocated 15 minutes at the start of each exam session to download or print your paper.

Before closing your documents at the end of the exam session you must check that your full, final response has been saved to your hard drive prior to submission. This script MUST be submitted by the end of the exam session.

It is your responsibility to monitor the time and ensure that you stop writing in time to upload your response file before the exam window closes – you will not be able to submit after this point.

Use the “Upload File” button to submit your response for marking. This will be considered as your FULL and FINAL response and is the only version that will be marked.

You must only submit your work once, unless instructed otherwise by the assessments team and no other documents will be accepted post-exam under any circumstances.

In submitting this exam, you confirm that your conduct throughout the exam adheres to the [ICAS Academic Integrity Policy](#).

You confirm that you did NOT act in any way that would constitute cheating, misrepresentation or unfairness including, but not limited to, using unauthorised aids and assistance, impersonating another person, and committing plagiarism.

You agree that ICAS will check your work for plagiarism, and you confirm that you understand that assessed work that has been shown to have been plagiarised will be penalised.

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EXAMINATION QUESTION

You are Bernie Jones, a five-year post-qualified CA and financial controller of Firesong Holdings Plc ('Firesong'), a large holding company based in Liverpool, England. Recently, at the request of Firesong's chief executive officer ('CEO'), Alice McCrossin, you have taken on extra areas of responsibility in managing part of the acquisitions and disposals programme for the company. At the time you were too afraid of Alice to say that you already had too much work in your main role.

Firesong was incorporated in 2001 and has grown steadily over the past two decades, acquiring and disposing of multiple subsidiary companies across a range of industries, both in the UK and all over the world.

You have worked at Firesong for two years and during that time you have never felt particularly at ease working with Alice. Alice is a very dominant CEO, and you are aware that others in the company feel the same. You don't feel a particularly welcome part of the team and have found the environment to be very pressured. You have tried to raise issues around the work culture with some of the company's non-executive directors in the past, but did not feel that they were interested in what you had to say. Firesong has no whistleblowing hotline.

You have just returned from a two-week holiday. Although feeling rested, you are still not sure this is the right working environment for you due to the long hours and lack of recognition for your efforts. You decide to start the day by focusing on your full email inbox.

You notice you received an email from a journalist friend of yours, Alexandra, a week ago, asking for an informal chat around one of Firesong's recent investments. The investment in question is the purchase by Firesong of a significant shareholding in clothing company Mirflet, which is based overseas. Alexandra has uncovered a story that Mirflet was under investigation for health and safety violations and that Alice was trying to smooth things over with local officials through a series of dinners and gifts shortly before the purchase went through. Alexandra wants to know your take on this given your role at Firesong.

You are concerned that a week has gone by already and you have not responded. The email seems to suggest this is a story that she is keen to publish soon, and you want to make sure you have had time to investigate it properly. You decide to pull out the file on this transaction to learn a bit more about the background.

The file makes reference to an investigation into the health and safety procedures at Mirflet by the local regulators, but that this was closed with no findings or penalties shortly after Firesong entered into discussions to invest in Mirflet. You also notice several large expenses to unidentified parties authorised by Alice around this time in Mirflet's home country. There is very little detail provided around the business purpose for these expenses. This has done nothing to allay your fears around Alexandra's findings, and, unsure how to proceed, you return to your email inbox.

As you are thinking about this situation, your office door opens and in walks Therese Heath, one of the recent recruits from the company's finance graduate scheme.

“I am so excited to be working in your team, Bernie”, she says before you have a chance to say hello, “I know all about due diligence from my university dissertation. I can’t wait to get started.”

You manage to hide your confusion and tell Therese you will catch up with her this afternoon. You have recently had a meeting with your line manager, chief financial officer (‘CFO’) Jim Kahut CA, about needing some extra support on a significant new piece of due diligence work, Project Red, and had specifically asked for Ty Sweeney, a finance team leader with four years of experience. Confused, you ring Jim to ask why someone with no experience has been assigned to this rather than Ty, who is hard-working, diligent and experienced. You are clear with him that you have nothing against Therese personally, but she doesn’t have the experience you feel you need for this task.

“Look, Ty is great, of course,” Jim says, “but I just find him a bit full-on with his beliefs and activism, and I don’t think we can send him out to do the necessary overseas work for this project – it may cause some problems as they’re not as forward thinking over there as we are. His involvement is unlikely to help us secure our investment, is it?” With that, Jim hangs up.

Not knowing how to deal with this conversation, you are glad when your phone rings. You answer it to find it is Damien King, the operations director of Colix Ltd (‘Colix’), one of Firesong’s fully owned subsidiary companies. You have met Damien a few times at group functions and always got on well with him. After checking that you are alone and safe to talk, Damien informs you that he and Colix’s other directors want to pull together a bid to attempt to buy their company back from Firesong, as they do not feel as though they fit in with the ethos of the Firesong Group. Damien would like your help with this. He understands that Alice and Jim can be tough to negotiate with, but hopes that you can provide some insights into how to get them on side. Additionally, Damien is sure that having someone like you helping them, with your in-depth knowledge of Firesong’s confidential disposal strategies, will allow them to pitch their bid in such a way as to be successful.

He remembers how unhappy you seemed in your job the last time you met and tells you that there will be a new finance director position opening up at Colix should the directors be successful in buying the company. This would also include a share in the newly independent company. Their current financial controller does not have sufficient experience, and Damien makes it clear that you would be their preferred candidate for the role. Damien ends the call asking you to think about it, and to get back to him within the next two days.

Wondering whether it was even worth coming back from holiday, you settle down to consider the information you have learned today.

Required:

1. Identify the public trust and ethical issues in this scenario;
2. Evaluate the public trust and ethical issues, considering the impact on the relevant stakeholders;
3. Evaluate possible courses of action/inaction, including the implications of each, with appropriate consideration of the relevant ethical theories;
4. Recommend actions that you (as Bernie) should take.

Throughout your answer, you should demonstrate an understanding of the ICAS Code of Ethics and relevant legislation/regulations.

In addition, candidates will be assessed on appropriate structure and communication.

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