

Week 6 quiz

LATEST SUBMISSION GRADE

90%

1. Identify the role of a Board from the following. Choose all that apply.

1 / 1 point

☒ To monitor the strategies of the management team

**Correct**

Correct

Watch the video: The interaction between management, the board, and stakeholders

☐ To run the day to day affairs of the company

☒ To oversee the activities of the management team

**Correct**

Correct

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2. The Board of Directors is directly accountable to which of the following?

1 / 1 point

☐ Members of the management team

☒ Shareholders

☐ Government bodies

☐ All of the above

**Correct**

Correct

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3. What is the role of the Board of Directors?

1 / 1 point

- ☐ To provide assurance of effective operations to managers
- ☒ To provide assurance that the strategic direction of the organisation meets shareholder intentions
- ☐ To defend managers in case of a dispute
- ☐ None of the above

**Correct**

Correct

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4. Which of the following numbers are the most critical to both senior management teams and boards?

1 / 1 point

- ☒ The numbers which indicate organisational financial health

**Correct**

Correct

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- ☒ Forward looking risk metrics

**Correct**

Correct

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- ☒ Forecasts of investment

**Correct**

Correct

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- ☐ None of the above

5. The leadership of Enron was characterised by which of the following?

1 / 1 point

- ☐ A desire to satisfy all stakeholders of the company
- ☐ A desire to innovate in the financial markets through derivatives
- ☒ An incredibly high degree of ambition and a desire to generate personal wealth at the expense of long term value creation.
- ☐ None of the above

**Correct**

Correct

Watch the video: Enron: The Smartest Guys in the Room... or not

6. Identify which of the following statement is true in the case of Enron.

1 / 1 point

- ☐ The numbers used to estimate the value of the firm over the years truly reflected the value of the firm.
- ☐ The numbers used to estimate the value of the firm over the years were invalid.
- ☒ The numbers used to estimate the value of the firm over the years did not reflect the risks associated with it.
- ☐ The numbers used to estimate the value of the firm over the years were un-audited.

**Correct**

Correct

Watch the video: Enron: The Smartest Guys in the Room... or not

7. Identify a theory of governance from the following.

1 / 1 point

- ☐ Accounting theory
- ☒ Agency theory
- ☐ Finance theory
- ☐ None of the above

**Correct**

Correct

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8. From the perspective of the Agency theory, identify the person who delegates a task or responsibility to another person.

0 / 1 point

- ☒ Manager
- ☐ Agent
- ☐ Principal
- ☐ Accountant



Incorrect

Incorrect

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9. Which of the following best reflect the agency problem?

1 / 1 point

- ☐ Where agents are incentivised to act in the best interests of the principal rather than in their own self-interest.
- ☒ Where agents are incentivised to act in their own self-interest rather than in the best interests of the principal.
- ☐ Where agents are incentivised to act in the interest of shareholders and the Board
- ☐ None of the above



Correct

Correct

Watch the video: Approaches to aligning organisational objectives

10. Which of the following is true about a Board?

1 / 1 point

- ☐ Members of a Board are not independent
- ☒ A Board comprises of non-executive members and most of the are independent.
- ☐ A Board comprises of executive members only



Correct
Correct

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