Exercise walk-through

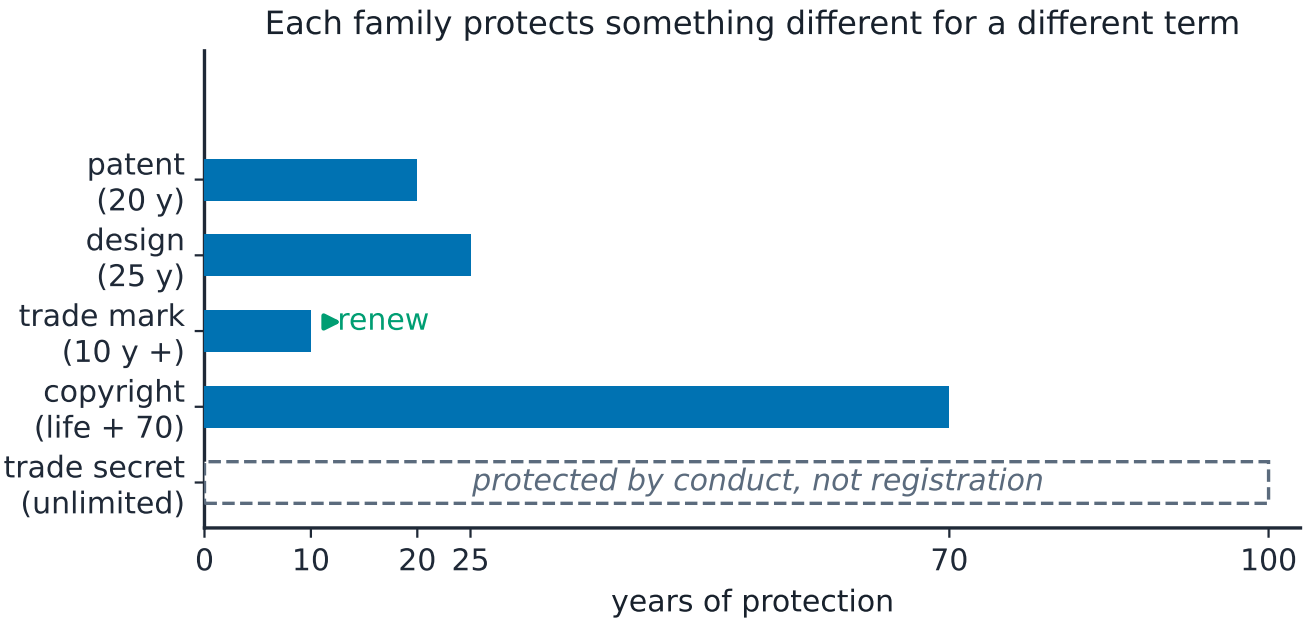
11.7
Governance cases

University Business

Forms in action: the signature and the side-deal

1. **Authority** Not a director - but the title and the history hold her out: **apparent authority** binds.
2. **Fix** An authority schedule, published and honoured: who may sign what, up to how much.
3. **Duty** The no-profit rule takes the 5% whatever the NPV; declared and board-approved, the same deal is governance.

Intellectual property and data: the map, then the move



Patent 20 years, design 25, **trade mark** renewable, **copyright** life + 70.

Check yourself

- The two standards and the small-claims line? (Balance of probabilities; beyond reasonable doubt; 10,000, or 1,000 for the injury in an injury claim.)
- The four boxes and the damages? (**Offer**, **acceptance**, **consideration**, intention; 800 + 2,100 = 2,900.)
- The redundancy arithmetic? (last 20 years: 29 weeks at the capped 700 = 20,300.)
- The three governance controls? (Challenge estimates; cash-cover dividends; re-baseline at the first warning.)

Exercises 2.1–2.2

2.1 The Carillion numbers: jobs at liquidation; the pension deficit; the 2017 write-offs. [3]

2.2 Payroll is 9,500 a month and the board wants a 15,000 dividend. The cash-cover test, applied. [4]

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Exercises 2.1–2.2

2.1 The Carillion numbers: jobs at liquidation; the pension deficit; the 2017 write-offs. [3]

2.1

- About 43,000 jobs; pension deficit around 990m.
- Write-offs of 845m in 2017.

2.2 Payroll is 9,500 a month and the board wants a 15,000 dividend. The cash-cover test, applied. [4]

2.2

- Cover: $3 \times 9{,}500 = 28{,}500$ behind the payment.
- With 15,000 to pay, the bank must hold 28,500 after it - otherwise the dividend waits. The test is cash, not earnings.

Exercises 2.3·2.4

2.3 Revenue estimates flattered three years running and the audit committee accepted them. Which control failed, and what does it look like in practice? [4]

2.4 Comply-or-explain: what makes it honest? [3]

Exercises 2.3·2.4

2.3 Revenue estimates flattered three years running and the audit committee accepted them. Which control failed, and what does it look like in practice? [4]

2.3

- Control 1: the committee challenges revenue estimates.
- In practice: the ten largest contracts' assumptions tabled yearly, with last year's assumptions on the same contracts beside them.

2.4 Comply-or-explain: what makes it honest? [3]

2.4

- A departure explained honestly beats compliance performed as theatre: state the departure, the reason, and the review date.