

## When you answer a “Compliance to Corp Gov” question.

Unless the question state otherwise, you should include both compliance and non-compliance to the King Report.

These types of questions have 3 components:

1. What happened in the scenario? (application)
2. What does King III say? (theory)
3. **Conclusion** - Do they **comply?** (state this clearly)

Take the following scenario:

Cluedo Limited is a large company that manufactures and sells board games. The board of directors meets once a year, for a two day conference.

The members of the board of directors are as follows:

- |                       |   |   |
|-----------------------|---|---|
| • Colonel Mustard     | - | Chairman and independent non-executive director |
| • Dr Black            | - | CEO   |
| • Ms Scarlet (CA(SA)) | - | Financial Director                              |
| • Ms White            | - | Operations director                             |
| • Mr Green            | - | Independent non-executive director              |
| • Prof Plum           | - | Independent non-executive director              |

If we ask you to discuss compliance to King III your answer should look like this:

They do not comply with King (compliance?), as they only meet once a year (application), and King requires that the Board of Directors should meet at least four times a year (theory).

King III requires the chairman of the board to be an independent non-executive director (theory). Cluedo Ltd complies with King III (compliance?) as the chairman, Colonel Mustard, is indeed a non-executive director (application).