

EXAMINATION INFORMATION GUIDE

Business Management and Finance

Structure of examination paper

The syllabus will be assessed in a 3 hours paper plus a 15 minutes reading time. The questions will be in two sections as follows:

Section A

Section A will be a 20 compulsory multiple - choice questions of one mark each. These questions will be taken from all the sections of the syllabus.

Section B

Section B will be 6 questions of 20 marks each out of which candidates are expected to attempt 4 questions. These questions will be drawn from all the 4 sections of the syllabus and will be based on the weights attached to each section.

Detailed contents of the syllabus

A. Business processes and environment

- 1 The nature of business, types and objectives
 - a) Explain the nature, types and objectives of business organisation.
 - b) Identify and explain the different objectives and legal forms of organisations.
 - c) Explain the basic characteristics, purposes, merits and demerits of the following types of business organisation:
 - i. Sole proprietorship;
 - ii. Partnership;
 - iii. Private Limited liability companies;
 - iv. Public Limited liability companies;
 - v. Non-governmental organisations;
 - vi. Public sector organisations;
 - vii. Alliances; and
 - viii. Cooperative society.
 - d) Explain the importance of business to its stakeholders.
- e) Explain the different classifications of economic activities based on the following occupations:
 - i. Profession/vocation;
 - ii. Employment; and
 - iii. Business.
- f) State the merits and demerits of each of the occupations listed above.
- g) Explain the meaning and importance of Stakeholders.
- h) Describe with examples the main categories of stakeholder.

- i) Explain how organisations collaborate in alliances to achieve competitive advantage.
2. Business and organisational structures and choices
- a) Identify and describe the different types of business structures including entrepreneurial, functional, divisional, matrix, boundary-less, virtual and network.
 - b) Explain the main advantages and disadvantages of each of the organization structures listed above.
 - c) Explain the basic characteristics and purposes of the following organizational structures:
 - i. Centralised;
 - ii. Decentralised;
 - iii. Matrix and mixed;
 - iv. Networks; and
 - v. Virtual arrangements.
 - d) Explain the advantages and disadvantages of each of the organisational structures listed above.
 - e) Explain the basic concepts of organisation and management structure including span of control, authority and responsibility, scalar chain, outsourcing, offshoring and shared services.
 - f) Define centralisation and decentralisation and explain the advantages and disadvantages of each.
 - g) Briefly describe the main business functions including research and development, purchasing (procurement), operations, marketing, administration and finance.

3 The business environment

- a) Explain the concept of environmental scanning, its methods and importance.
- b) Explain the meaning and importance of the following:
 - i. Globalisation/International business;
 - ii. Macroeconomic/National environment;
 - iii. Microeconomic/Markets and industries; and
 - iv. Stakeholders.
- c) Define the environment of an organisation and discuss how threats and opportunities can arise ('scan' the business environment').
- d) Explain how political and legal factors affect business.
- e) Explain how economic factors affect business including macroeconomic and microeconomic.
- f) Explain how social and demographic factors affect business.
- g) Explain how technological factors affect business.
- h) Explain how environmental factors affect business.
- i) Explain the international perspectives of business environment including globalisation.

B. The role of professional accountants in business and society

- a) Describe what is meant by business ethics.
- b) State the fundamental principles of the IFAC Code of Ethics.
- c) Explain what is meant by the public interest and why this is so important for Accountants.
- d) Discuss the purpose of a code of ethics.
- e) Explain from the perspective of the public interest, the role of professional accountants in business and society.
- f) Define whistleblowing.
- g) Define and discuss the contents and benefits of a corporate code of ethics.
- h) Identify situations where ethical conflicts and threats may arise.
- i) Suggest safeguards against ethical threats and dilemmas and ideas for resolving ethical dilemmas.
- j) Explain the rule in the ICAN Code of Ethics on NOCLAR.
- k) Explain the basic principles of ethics and its importance to professional accountants.

C. Management and organisational behaviour

- 1. Basic management functions
 - a) Give various definitions of management.
 - b) Identify and explain types of management skills.
 - c) Explain the functions and roles of management.
 - d) Explain the following basic management functions, their importance and application in the field of accounting:
 - i. Planning;
 - ii. Organising;
 - iii. Controlling;
 - iv. Coordinating;
 - v. Directing; and
 - vi. Supervising.
 - e) Identify and explain the various management roles.
 - f) Define leadership, management and supervision.

- 2. Management, individual and organisational behaviour
 - a) Explain the nature and significance of formal and informal organisation.
 - b) Define culture.
 - c) Illustrate different cultural traits in business using the models of popular theorists Schein and Handy.
 - d) Discuss international perspectives on culture using Hofstede's cultural dimension Theory.
 - e) Explain the role and importance of organisational culture.
 - f) Explain the relationship between leadership and management.

- g) Explain the classical theories of management including Taylor, the Gilbreths, Fayol, Urwick, Weber and Mayo.
 - h) Describe modern and other theories of management including Drucker, Kanter, Mintzberg, Ouchi, McGregor and operations research.
 - i) Summarise the trait theories of leadership including Lippitt and White, Blake and Mouton, Tannenbaum and Schmidt, Ashridge and Likert.
 - j) Explain contingency theories of leadership including Fiedler, Hersey and Blanchard and Handy.
 - k) Describe the various leadership qualities including the theories of Adair, Bennis, Kotter and Heifetz.
 - l) State the roles of individual and group behaviour in organisations.
 - m) Identify and explain conflict management and various resolution mechanisms.
 - n) Explain how conflict arises and is managed in the workplace.
 - o) Explain the concept of employee motivation and its relationship with productivity.
 - p) Explain common theories of motivation including Maslow, Herzberg, McGregor, Vroom and McClelland.
 - q) Explain the link between motivation and productivity.
 - r) Describe the difference between extrinsic and intrinsic rewards and explain the link between rewards systems and motivation.
 - s) Summarise how 'management by objectives' (MBO) works.
 - t) Explain self-efficacy, the law of effect and reinforcement theory and equity and organisational justice.
 - u) State the roles of individual and group behaviour in organisations.
 - v) Explain the nature and significance of team formation, development and management.
 - w) Differentiate between individual, group and team behaviour.
 - x) Explain team formation, development and management including the theories of Belbin and Tuckman.
 - y) Discuss characteristics of effective and ineffective teams and describe methods for improving team effectiveness.
3. Communications in business
- a) Explain the basic elements of communication.
 - b) Explain verbal and non-verbal communication.
 - c) State the principles of effective listening.
 - d) Explain organisational communication:
 - Formal and informal; and (ii) Internal and external
 - e) Describe patterns of communication including vertical and lateral.
 - f) Explain methods of business communication.
 - g) Explain the basic communication models.
 - h) Explain the attributes of effective communication.
 - i) State the barriers to effective communication.
 - j) State the different communication patterns.
 - k) Describe the components of and plan effective business messages using the objectives, audience, structure and style model.

- i) Describe the different media and channels typically used in business communications including oral and face-to-face, written, visual aids and non-verbal.
- m) Explain the conduct of a formal meeting.
- n) Describe when to use different channels of communication.
- o) State the main features of email.
- p) Explain the benefits and limitations of email.
- q) Describe the basics of email etiquette.
- r) Describe the main features of video conferencing.
- s) Explain the benefits and limitations of video conferencing.
- t) Explain the process and conduct at meetings.
- u) Explain the basic elements of report writing.
- v) Explain the process of electronic communication.

D. The role of finance

1. Basics of business finance and financial markets
 - a) Define financial management and financial engineering.
 - b) Differentiate between financial management, management accounting and financial accounting.
 - c) Discuss financial objectives in the context of corporate objectives and strategy.
 - d) Explain how different stakeholders may impact on financial management decisions.
 - e) Describe the financial management framework.
 - f) Explain finance functions and financial management objectives.
 - g) Describe the characteristics of financial market.
 - h) Identify the various sources of finance that are available to business organisations.
 - i) Explain the characteristics of the different sources of finance, stating their advantages and disadvantages.
 - j) Summarise the identified sources of finance and financial intermediaries.
 - k) Summarise the various sources of long-term and short-term finance.
 - l) Explain the following concepts:
 - (i) Covenants;
 - (ii) Warranties; and
 - (iii) Guarantees.
 - m) Explain the mechanisms for raising new equity externally including public offer, placing, introduction and rights issue.
 - n) Explain how a rights issue works and what is meant by underwriting.
 - o) Summarise the nature of debt finance and differentiate between long- medium- and short-term debt finance.
 - p) Describe different components of debt financing including interest, tax relief, access to the bond markets, risk and finance leases.
 - q) Explain how convertible bonds and bonds with warrants attached operate.
 - r) Describe the financial markets including capital markets and money markets.
 - s) Understand the trade-off between risk and return.

- t) Briefly explain money market terminology and instruments including inter-bank market, repo market, coupon, treasury bills, bills of exchange, certificates of deposit and commercial paper.
 - u) Explain why businesses hold cash and describe the objectives and aspects of good cash management.
 - v) Describe cash budgets and forecasts and explain how they are constructed.
 - w) Prepare a cash budget using given data.
2. Investment decisions
- a) Explain the difference between simple interest and compound interest.
 - b) Calculate the final value of an amount invested at a given rate of simple interest.
 - c) Calculate the final value of an amount invested at a given rate of compound interest.
 - d) Calculate rates of interest for non-annual periods given the annual rate.
 - e) Solve business finance problems applying the following key tools of mathematics:
 - i. Discounting;
 - ii. Annuities;
 - iii. Present value of annuities; and
 - iv. Sinking funds and amortisation.
 - f) Explain the concepts of capital expenditure, investment appraisal and capital budgeting.
 - g) Calculate the accounting rate of return for an investment.
 - h) Calculate the payback period for an investment.
 - i) Discuss the concept of relevant costs for decision making.
 - j) Comment on non-financial considerations for investment appraisal such as strategic and operational considerations, capacity and resource utilisation, social and environmental considerations and quality.
 - k) Explain the difference between discounting and compounding.
 - l) Calculate the present value of future cash flows using the formula or tables.
 - m) Calculate the present value of annuities flows using the formula or tables.
 - n) Calculate net present value from information provided.
 - o) Calculate the discounted payback period.
 - p) Calculate internal rate of return.
 - q) Compare the advantages and disadvantages of different investment appraisal techniques.

Applicable Laws and Codes

Candidates are required to master the following laws, rules and code as apply to this paper:

S/N	TITLE	AUTHOR
1.	International Code of Ethics for Professional Accountants 2018	IESBA

2.	ICAN Professional Code of Conduct and Guide for Members	ICAN
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