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:

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<tbody>
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<td>1.</td>
<td>International Code of Ethics for Professional Accountants 2018</td>
<td>IESBA</td>
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<td>2.</td>
<td>ICAN Professional Code of Conduct and Guide for Members</td>
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