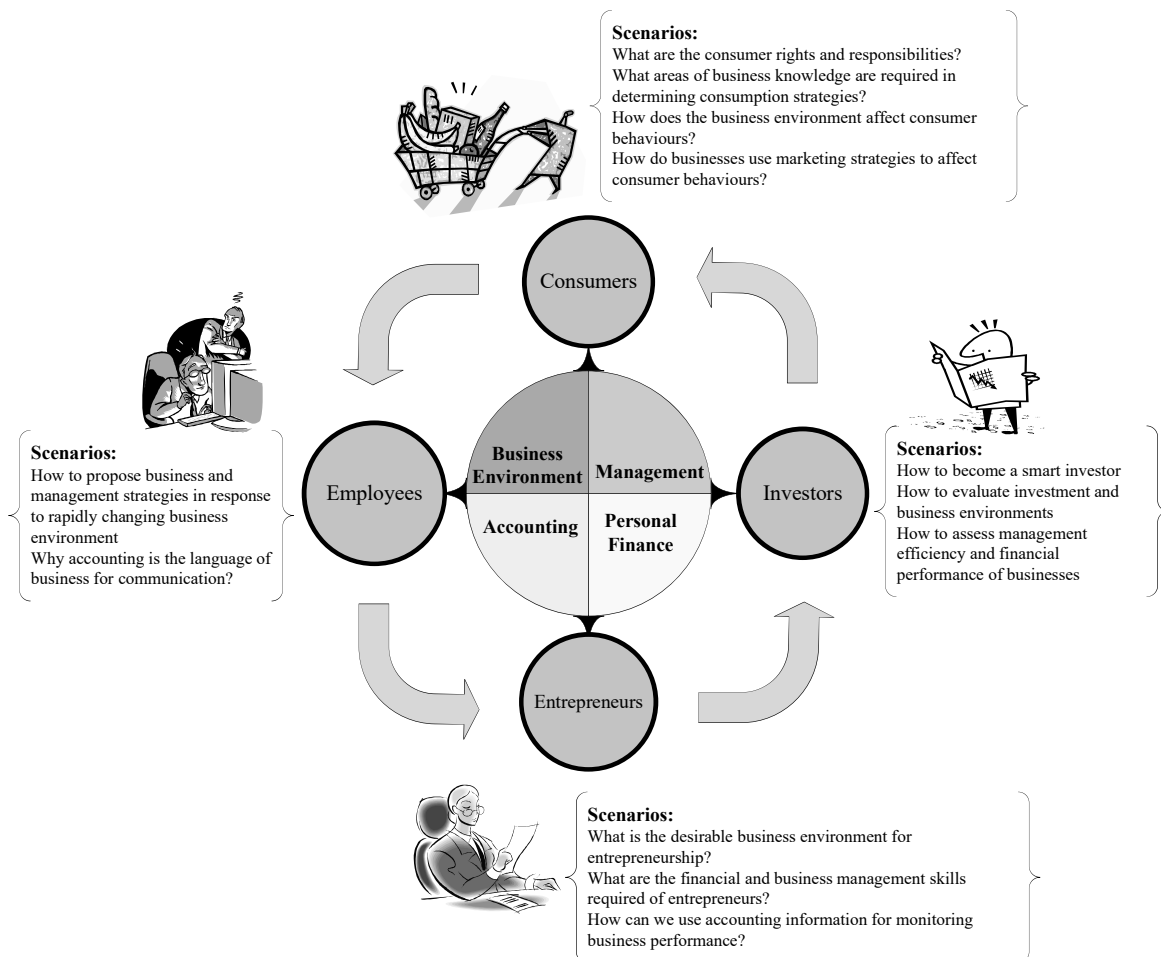


## 2.5 Curriculum Structure and Organisation

The BAFS curriculum is built upon a contemporary business curriculum structure planned in line with the fast-changing local and global social and economic circumstances. It draws on a range of business-related disciplines (such as finance, accounting and business management) to highlight their complex interrelationships. The learning elements are interrelated, to mirror the real business world.

It is considered that an integrated understanding of the essential business areas: business environment, accounting, management and personal finance will prepare students well for dealing with their personal financial concerns when they engage in business and financial activities such as consumption, work and investment in adulthood. The emphasis on different roles as consumer, employee, entrepreneur and investor will enhance their understanding of business knowledge as a whole, and enable them to view business-related decisions from different angles.

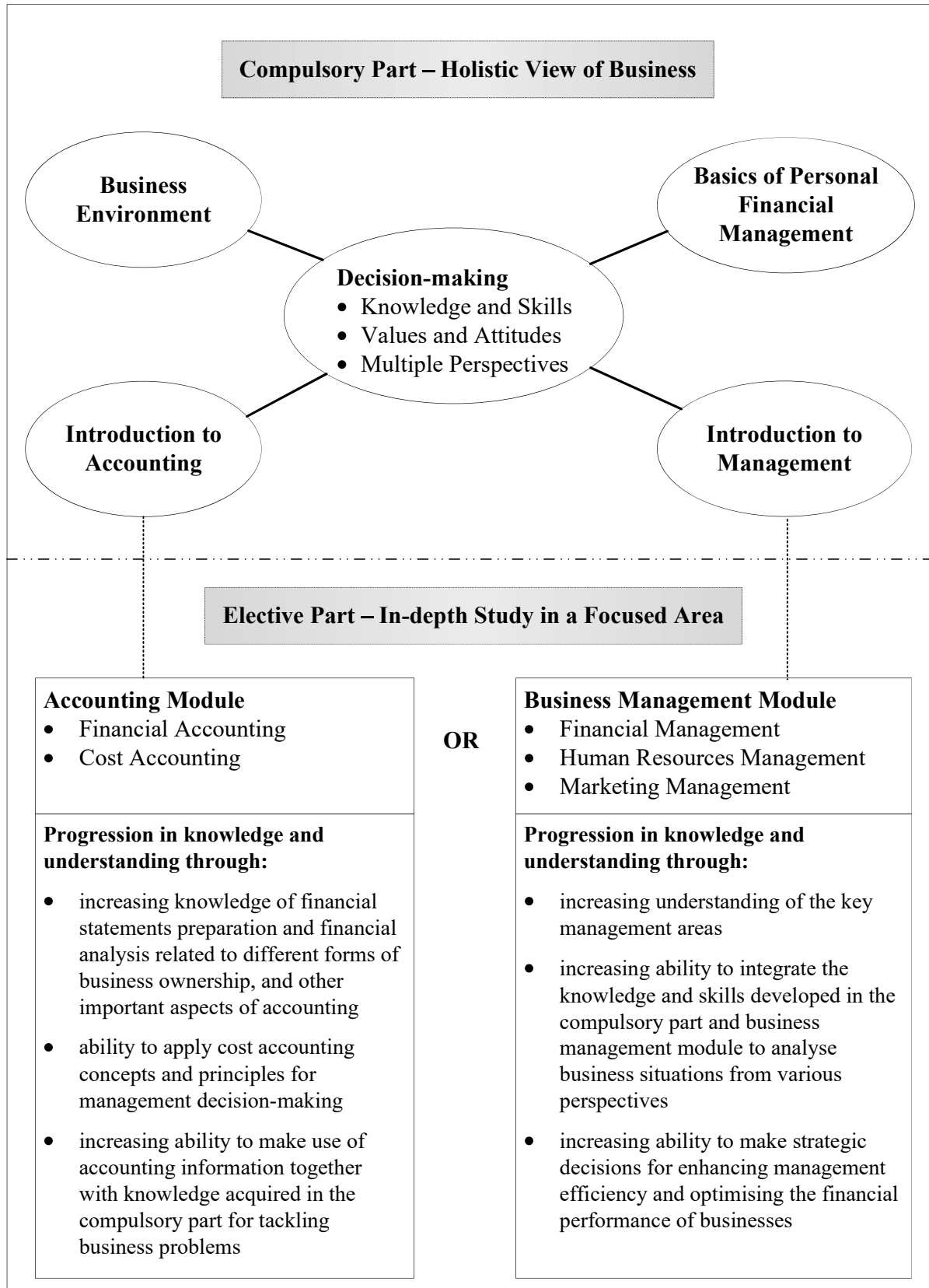
**Figure 2.1 Major roles when engaging in business and financial activities**



The curriculum comprises a compulsory and an elective part to strike a balance between breadth and depth in different business areas. The compulsory part provides a broad-based foundation for students for more in-depth study of concepts and knowledge in specific modules in the elective part. It is thus important that the concepts and learning elements in the compulsory part should be re-examined, integrated and synthesised in the related module

in the elective part whenever appropriate.

*Figure 2.2 Curriculum structure*



## **Linkage between the compulsory and elective parts**

The compulsory part of the BAFS curriculum covers four main areas, namely: **Business Environment, Introduction to Management, Introduction to Accounting and Basics of Personal Financial Management**. They provide a threshold, in terms of knowledge and skills, for students' future studies or careers.

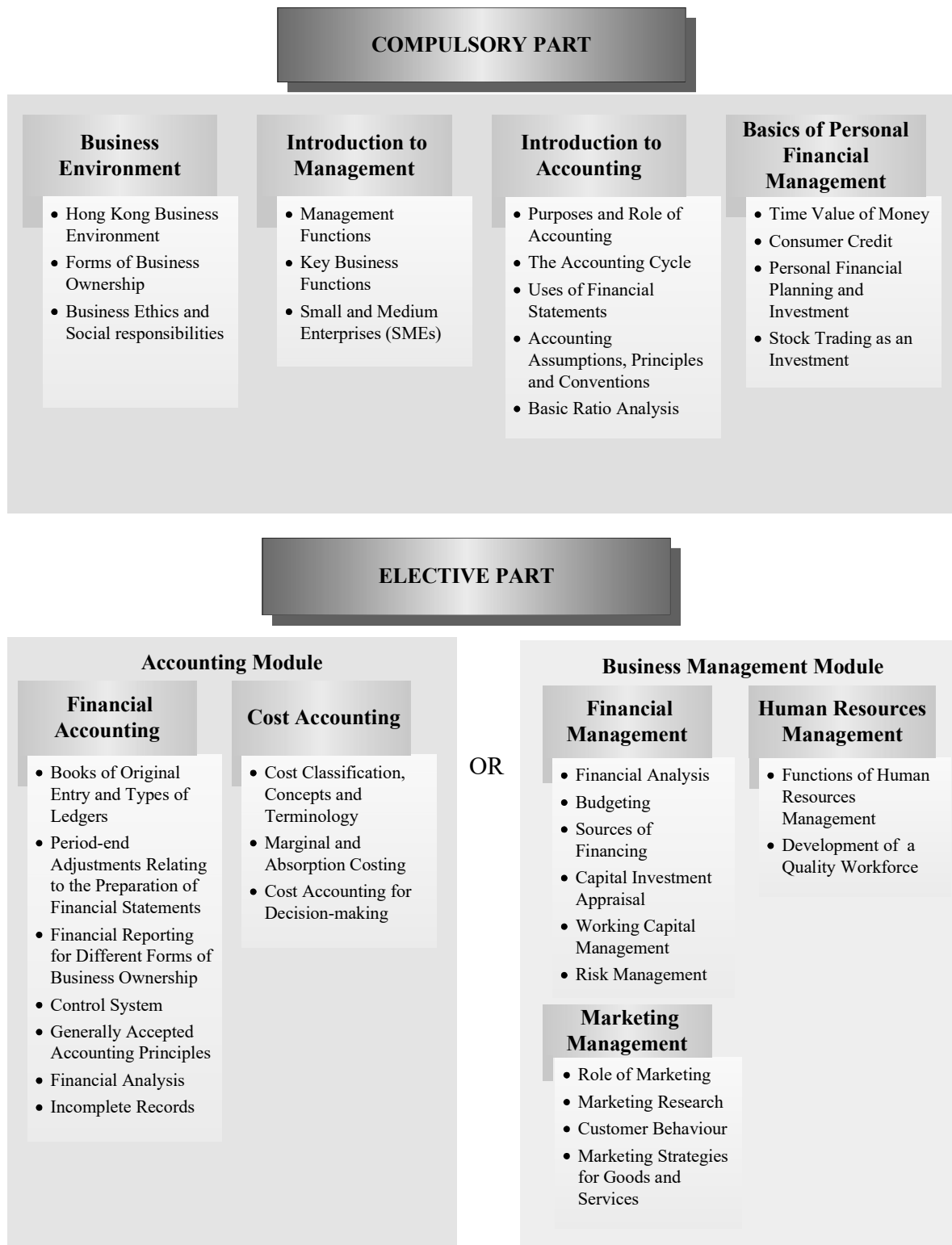
The elective part, which builds upon the knowledge and skills in the compulsory part, provides students with an opportunity to pursue a more in-depth study in a focused area. Students can choose either **Accounting** or **Business Management**, according to their interests and inclinations.

An integrated and contextual approach to organise learning elements in the compulsory and elective parts is recommended. The purpose is to enhance students' understanding of how to apply principles, concepts, models and skills from interrelated areas of business in authentic / simulated contexts. The individual learning elements can be introduced in a flexible manner by linking, elaborating or re-examining them in greater depth in topics in both the compulsory and elective parts through case studies of different business entities.

## **Fine-tuning and updating the curriculum**

The New Academic Structure (NAS) review was conducted in 2012 after the completion of first cohort of the Hong Kong Diploma of Secondary Education Examination. The BAFS curriculum was reviewed and recommendations including trimming of curriculum contents were announced for bettering student learning. The learning elements, topics and explanatory notes presented in this section have been updated in line with the trimmed curriculum..

**Figure 2.3 Overview of the learning elements of the curriculum framework**



Topics	Explanatory Notes
<p data-bbox="193 367 616 409"><b><i>1(a) Business Environment</i></b></p> <p data-bbox="268 427 552 495"><b>Hong Kong Business Environment</b></p> <p data-bbox="268 875 676 909"><b>Forms of Business Ownership</b></p> <p data-bbox="268 1379 632 1447"><b>Business Ethics and Social Responsibilities</b></p>	<ul data-bbox="753 427 1297 1659" style="list-style-type: none"><li>- Describe the role and importance of business in the Hong Kong economy.</li><li>- Analyse the recent developments and characteristics of the Hong Kong economy.</li><li>- Evaluate how economic, technological, cultural, physical, social, political and legal factors affect business decisions.</li> <li>- Distinguish between the major forms of business ownership: sole proprietorship, partnership, limited company, joint venture, franchise and public enterprise.</li><li>- Evaluate the pros and cons of the different forms of business ownership.</li><li>- Describe the characteristics of multinational corporations in Hong Kong.</li><li>- Explain why and how a business should be ethically responsible to various stakeholders.</li><li>- Describe how business ethics and social responsibilities affect business decisions.</li></ul>
<p data-bbox="193 1738 711 1780"><b><i>1(b) Introduction to Management</i></b></p> <p data-bbox="268 1798 592 1832"><b>Management Functions</b></p>	<ul data-bbox="753 1798 1297 1982" style="list-style-type: none"><li>- Explain the importance of management.</li><li>- Demonstrate a basic understanding of the following management functions for organisations: planning, organising,</li></ul>

<b>Topics</b>	<b>Explanatory Notes</b>
<b>Key Business Functions</b>	<p>leading and controlling.</p> <ul style="list-style-type: none"><li>- Apply the following principles of effective management: division of work, unity of command, unity of direction, authority and responsibility, and management by objectives.</li><li>- Describe the role and importance of the following key business functions: human resources management, financial management, operations management, marketing management, information management and risk management.</li><li>- Explain the interrelationship and integrated nature of different business functions in solving business problems.</li></ul>
<b>Small and Medium Enterprises (SMEs)</b>	<ul style="list-style-type: none"><li>- Describe the characteristics of SMEs.</li><li>- Explain the importance of SMEs to the Hong Kong economy.</li><li>- Explain the importance of entrepreneurship in business development.</li></ul>
<b><i>1(c) Introduction to Accounting</i></b>	
<b>Purposes and Role of Accounting</b>	<ul style="list-style-type: none"><li>- Explain the importance of accounting and its relevance to decision-making.</li><li>- Describe the functions of accounting.</li><li>- Describe the flow of the accounting cycle.</li></ul>

<b>Topics</b>	<b>Explanatory Notes</b>
<b>The Accounting Cycle</b> <ul style="list-style-type: none"><li>• Double entry system</li> <li>• Trial balance</li> <li>• Financial statements</li></ul>	<ul style="list-style-type: none"><li>- Explain the accounting equation and demonstrate how transactions affect it.</li><li>- Apply the principles of double entry to the recording of business transactions in ledger.</li><li>- Explain the functions and limitations of a trial balance.</li><li>- Balance off the accounts and prepare a trial balance.</li><li>- Prepare income statement and statement of financial position for sole proprietorships.</li></ul>
<b>Uses of Financial Statements</b>	<ul style="list-style-type: none"><li>- Explain how information in financial statements can assist decision-making.</li><li>- Explain the uses and limitations of financial statements.</li></ul>
<b>Accounting Assumptions, Principles and Conventions</b>	<ul style="list-style-type: none"><li>- Explain the meaning of the following: business entity, going concern, historical cost, consistency and accrual.</li></ul>
<b>Basic Ratio Analysis</b>	<ul style="list-style-type: none"><li>- State the general functions of accounting ratios.</li><li>- Calculate and interpret the following ratios: working capital/current ratio, quick/liquid/acid test ratio, gross profit ratio, net profit ratio and return on capital employed.</li><li>- Evaluate the liquidity and profitability of a business using accounting ratios.</li></ul>

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**1(d) Basics of Personal  
Financial Management**

**Time Value of Money**

- Explain the concepts of compounding, discounting, present value and future value.
- Apply the concepts of present value and future value to compute net present value.
- Distinguish between nominal and effective rate of return.

**Consumer Credit**

- Compare different types of consumer credit.
- Explain the importance of maintaining a good personal credit record.

**Personal Financial Planning and Investment**

- Identify the basic characteristics and the relationship between risk and return of the following investments: savings/term deposits, bonds/debentures and stocks.
- Explain the importance of personal financial planning at different life stages.
- Describe the rights and responsibilities of employees and self-employed persons under Mandatory Provident Fund (MPF) scheme.
- Describe the rights and responsibilities of individual investors and consumers of financial services.

**Stock Trading as an Investment**

- Explain the factors affecting share prices.
- Describe the platforms of stock trading in Hong Kong: Main Board and Growth



***The Compulsory Part***

<b>Topics</b>	<b>Explanatory Notes</b>
	Enterprise Market (GEM). - Describe the importance of Hang Seng Index (HSI).

**The Elective Part – Accounting Module**

<b>Topics</b>	<b>Explanatory Notes</b>
<p data-bbox="188 405 608 450"><b>2(a) Financial Accounting</b></p> <p data-bbox="268 461 660 535"><b>Books of Original Entry and Types of Ledgers</b></p> <p data-bbox="268 757 683 860"><b>Period-end Adjustments Relating to the Preparation of Financial Statements</b></p>	<ul data-bbox="730 461 1302 1957" style="list-style-type: none"><li>- Explain the functions of books of original entry and ledgers.</li><li>- Record transactions in books of original entry and post to ledger accounts.</li><li>- Identify the major types of ledgers.</li> <li>- Differentiate between cash accounting and accrual accounting.</li><li>- Distinguish between bad debts and allowance for doubtful accounts.</li><li>- State the meaning and objectives of providing depreciation in accounting.</li><li>- Distinguish between capital and revenue expenditures.</li><li>- Compare the commonly used methods of depreciation: straight-line, reducing-balance and depreciation based on usage; and explain the effect of depreciation charge (including disposal) on profits.</li><li>- Apply the following to determine the value of inventory:<ul data-bbox="762 1615 1302 1742" style="list-style-type: none"><li>(i) lower of cost and net realisable value</li><li>(ii) sale or return</li><li>(iii) weighted average cost</li></ul></li><li>- Prepare adjusting entries at the close of accounting period and show their effect on income statement and statement of financial position.</li></ul>

Topics	Explanatory Notes
<p><b>Financial Reporting for Different Forms of Business Ownership</b></p> <ul style="list-style-type: none"><li>• Financial statements</li><li>• Accounting for partnership</li><li>• Accounting for limited company</li></ul>	<ul style="list-style-type: none"><li>- Prepare income statement and statement of financial position for sole proprietorship, partnership and limited company.</li><li>- Prepare appropriation account and current accounts for partnership.</li><li>- Define goodwill and explain the factors affecting its valuation.</li><li>- Prepare the necessary adjustments to capital and/or net assets arising from changes in profit-sharing ratio, admission and retirement of partner(s) at the beginning or end of a financial period.</li><li>- Prepare the necessary accounting entries required in dissolution.</li><li>- Explain the nature of share capital (preference shares and ordinary shares), loan capital (debentures), reserve and provision.</li><li>- Prepare journal and ledger entries relating to the issue of ordinary shares and debentures fully paid on application.</li><li>- Prepare appropriation account and calculate the balance of retained profits for limited company.</li></ul>

<b>Topics</b>	<b>Explanatory Notes</b>
<b>Control System</b> <ul style="list-style-type: none"><li data-bbox="268 409 598 477">• Bank reconciliation statement</li> <li data-bbox="268 730 598 763">• Correction of errors</li></ul>	<ul style="list-style-type: none"><li data-bbox="730 409 1173 488">- Explain the functions of a bank reconciliation statement.</li><li data-bbox="730 517 1273 685">- Identify reasons for discrepancies between cash book and bank statement balances and prepare a bank reconciliation statement.</li><li data-bbox="730 730 1273 808">- Identify the types of accounting errors and their effects on accounting records.</li><li data-bbox="730 837 1249 916">- Prepare correcting entries and, where appropriate, a suspense account.</li></ul>
<b>Generally Accepted Accounting Principles</b>	<ul style="list-style-type: none"><li data-bbox="730 965 1294 1267">- Explain the meaning, importance and shortcomings of the following principles and conventions: business entity, going concern, historical cost, consistency, accrual, matching, realisation, prudence, materiality, objectivity, timeliness and money measurement.</li><li data-bbox="730 1301 1294 1379">- Apply the relevant accounting principles and conventions in accounting situations.</li></ul>
<b>Financial Analysis</b>	<ul style="list-style-type: none"><li data-bbox="730 1426 1302 1917">- Calculate ratios and comment on a company's profitability, liquidity, solvency, management efficiency and return on investment: mark-up, inventory turnover, average trade receivables collection period, average trade payables repayment period, trade receivables turnover, trade payables turnover, earnings per share, total assets turnover, gearing ratio, dividend cover and price-earnings ratio.</li></ul>

<b>Topics</b>	<b>Explanatory Notes</b>
<b>Incomplete Records</b>	<ul style="list-style-type: none"><li>- Explain the functions and limitations of accounting ratios in financial analysis.</li><li>- Determine profits or losses from statement of affairs.</li><li>- Calculate the cash and inventory value from incomplete record.</li><li>- Prepare income statement and statement of financial position from incomplete records.</li></ul>
<b>2(b) Cost Accounting</b> <b>Cost Classification, Concepts and Terminology</b>	<ul style="list-style-type: none"><li>- Explain the general nature of cost accounting and its importance for financial decision-making.</li><li>- Distinguish between direct and indirect costs, fixed and variable costs, and factory and administrative overheads.</li></ul>
<b>Marginal and Absorption Costing</b>	<ul style="list-style-type: none"><li>- Prepare income statement under marginal and absorption costing.</li><li>- Compare the advantages and disadvantages of adopting marginal and absorption costing.</li></ul>

<b>Topics</b>	<b>Explanatory Notes</b>
<b>Cost Accounting for Decision-making</b>	<ul style="list-style-type: none"><li>- Identify the nature of various cost items and their relevance to decision-making: sunk costs, incremental costs and opportunity costs.</li><li>- Apply costing concepts and techniques in business decisions e.g. ‘hire, make or buy’, ‘accept or reject an order at a special price’, ‘retain or replace equipment’, ‘sell or process further’, and ‘eliminate or retain an unprofitable segment’.</li><li>- Conduct cost-volume-profit analysis to assess the effects of changes in costs, selling price and units sold on the breakeven point and target profit.</li></ul>

**The Elective Part – Business Management Module**

Topics	Explanatory Notes
<b>3(a) Financial Management</b>	
<b>Financial Analysis</b>	<ul style="list-style-type: none"><li>- Explain the role of financial management in running an organisation.</li><li>- Assess business performance from a range of accounting ratios in terms of profitability, liquidity, solvency and management efficiency.</li></ul>
<b>Budgeting</b>	<ul style="list-style-type: none"><li>- Explain the purposes of budgeting.</li><li>- Describe the usefulness and limitations of budgetary control.</li><li>- Identify the causes of budgeting variance and propose remedial action.</li></ul>
<b>Sources of Financing</b>	<ul style="list-style-type: none"><li>- Compare different sources of financing: debt and equity financing, short-term and long-term financing, and internal and external financing.</li><li>- Apply the basic principles for selecting financing methods.</li></ul>
<b>Capital Investment Appraisal</b>	<ul style="list-style-type: none"><li>- Evaluate financial and non-financial factors affecting capital investment decisions.</li><li>- Apply the basic capital investment appraisal methods to evaluate capital projects: payback period, net present value (NPV) , internal rate of return (IRR) and accounting rate of return (ARR).</li><li>- Compare the usefulness and limitations of different capital investment appraisal methods.</li></ul>

**The Elective Part – Business Management Module**

Topics	Explanatory Notes
<b>Working Capital Management</b>	<ul style="list-style-type: none"><li>- Explain the importance of working capital management.</li><li>- Describe the basic principles of cash management and the relevance of cash budgeting.</li><li>- Analyse the factors affecting the formulation of accounts receivable and accounts payable policies.</li><li>- Explain the objectives of inventory management and apply simple inventory control techniques: Economic Order Quantity (EOQ) and re-order level methods.</li></ul>
<b>Risk Management</b>	<ul style="list-style-type: none"><li>- Identify different types of risk faced by business firms and analyse their impact on business activities.</li><li>- Demonstrate an understanding of various types of insurance protection available to business.</li><li>- Explain the following risk management strategies: risk avoidance, risk assumption, risk reduction and risk transfer.</li></ul>
<b>3(b) Human Resources Management</b> <b>Functions of Human Resources Management</b> <ul style="list-style-type: none"><li>• Manpower planning</li></ul>	<ul style="list-style-type: none"><li>- Explain the importance of manpower planning for an organisation.</li><li>- Describe the manpower planning process.</li></ul>



**The Elective Part – Business Management Module**

Topics	Explanatory Notes
<ul style="list-style-type: none"> <li>• Staffing</li> </ul>	<ul style="list-style-type: none"> <li>- Describe the recruitment process.</li> <li>- Compare different methods of recruitment.</li> </ul>
<ul style="list-style-type: none"> <li>• Performance appraisal</li> </ul>	<ul style="list-style-type: none"> <li>- Describe the objectives of performance appraisal.</li> <li>- Describe the basic steps in performance appraisal.</li> </ul>
<ul style="list-style-type: none"> <li>• Reward management</li> </ul>	<ul style="list-style-type: none"> <li>- Describe the characteristics and advantages of monetary and non-monetary rewards.</li> <li>- Compare different forms of compensation.</li> <li>- Explain the purposes of benefits.</li> </ul>
<ul style="list-style-type: none"> <li>• Training and development</li> </ul>	<ul style="list-style-type: none"> <li>- Explain the objectives of training and development.</li> <li>- Evaluate the effectiveness of different modes of training.</li> </ul>
<p><b>Development of a Quality Workforce</b></p>	<ul style="list-style-type: none"> <li>- Apply the following motivation theories to enhance staff efficiency and reduce absenteeism:               <ul style="list-style-type: none"> <li>(i) Maslow’s Hierarchy of Needs Theory</li> <li>(ii) Herzberg’s Dual-factor Theory</li> <li>(iii) McGregor’s Theory X and Theory Y</li> </ul> </li> <li>- Suggest appropriate internal communication programmes to enhance employee relations.</li> </ul>

**3(c) Marketing Management**

***The Elective Part – Business Management Module***

<b>Topics</b>	<b>Explanatory Notes</b>
<b>Role of Marketing</b>	<ul style="list-style-type: none"><li>- Explain the marketing concept.</li><li>- Discuss the importance of marketing as a business function.</li><li>- Describe the planning, organising, implementing and controlling of marketing activities.</li><li>- Discuss the objectives, strategies and resources of the marketing process.</li></ul>
<b>Marketing Research</b>	<ul style="list-style-type: none"><li>- Explain the importance and major objectives of marketing research.</li><li>- Apply basic principles for designing marketing research: data collection methods and sampling techniques.</li></ul>
<b>Customer Behaviour</b>	<ul style="list-style-type: none"><li>- Describe the customer decision-making process.</li><li>- Analyse the factors which affect customer decisions.</li><li>- Identify the major business customers: producers, resellers, governments and institutions.</li><li>- Distinguish between business and consumer markets.</li></ul>
<b>Marketing Strategies for Goods and Services</b> <ul style="list-style-type: none"><li>• Target markets</li></ul>	<ul style="list-style-type: none"><li>- Explain different types of market segmentation methods.</li><li>- Explain the factors affecting the determination of target market: market niche and positioning.</li></ul>

***The Elective Part – Business Management Module***

<b>Topics</b>	<b>Explanatory Notes</b>
<ul style="list-style-type: none"><li>• Marketing mix</li></ul>	<ul style="list-style-type: none"><li>- Explain the concept of marketing mix.</li><li>- Illustrate different pricing, promotion, product and place strategies for goods.</li><li>- Apply various marketing mix strategies to different stages of the product life cycle.</li><li>- Explain the characteristics of services and their effect on marketing mix design.</li><li>- Compare the differences between traditional marketing strategies and e-marketing strategies.</li></ul>
<ul style="list-style-type: none"><li>• Customer relationship management (CRM)</li></ul>	<ul style="list-style-type: none"><li>- Explain the importance of CRM to the marketing process.</li><li>- Evaluate the factors affecting customer loyalty and develop marketing strategies to enhance customer loyalty.</li></ul>