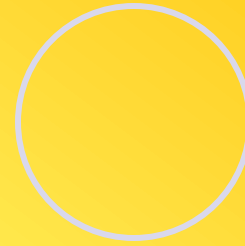
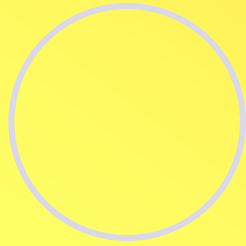


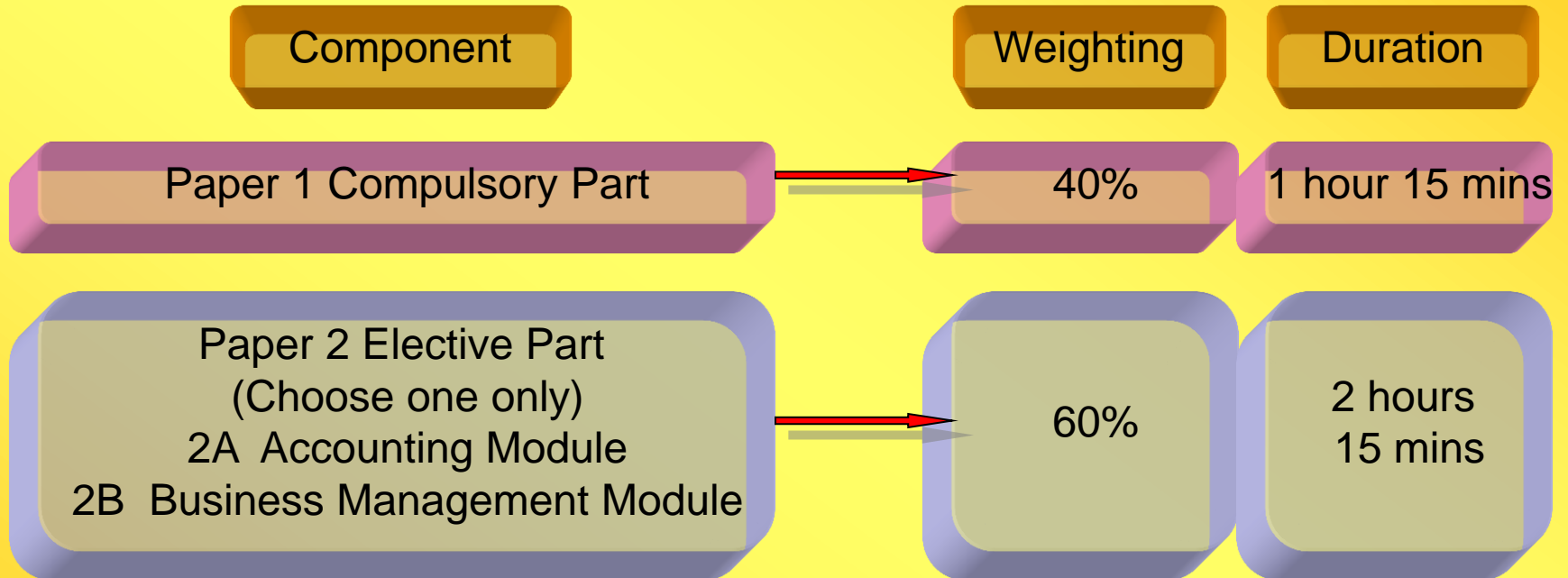
Introduction of the Elective Part of the Curriculum

10th December 2013



- Elective Part of the Curriculum
- Supports for the BAFS Curriculum

Mode of Assessment



Curriculum Framework (Total: 250 hours)

Business, Accounting and Financial Studies

40%

Compulsory Part

Business Environment
(8%)

Introduction to Management
(9%)

Introduction to Accounting
(15%)

Basics of Personal Financial Management
(8%)

60%

Accounting Module

Business Management Module

Financial Accounting
(45%)

Cost Accounting
(15%)

Financial Management
(20%)

Human Resources Management
(16%)

Marketing Management
(24%)

Level 1	Demonstrate knowledge and understanding of the specified content of BAFS (e.g. key words or terminologies)	<ul style="list-style-type: none"> • Describe • Explain • Discuss
Level 2	Apply knowledge (e.g. terms, concepts, theories and methods) and skills (e.g. communication, critical thinking) effectively to discuss business problems and issues.	<ul style="list-style-type: none"> • Explain • Apply • Demonstrate an understanding • Develop
Level 3	Collect, process and analyse business information from various sources to analyse and evaluate business problems and issues.	<ul style="list-style-type: none"> • Identify • Compare • Analyse • Distinguish
Level 4	Evaluate scenarios, make judgments with evidence and state conclusions appropriately.	<ul style="list-style-type: none"> • Evaluate • Assess • Propose • Suggest • Illustrate

BAFS - Business Management Module



Business Management Module

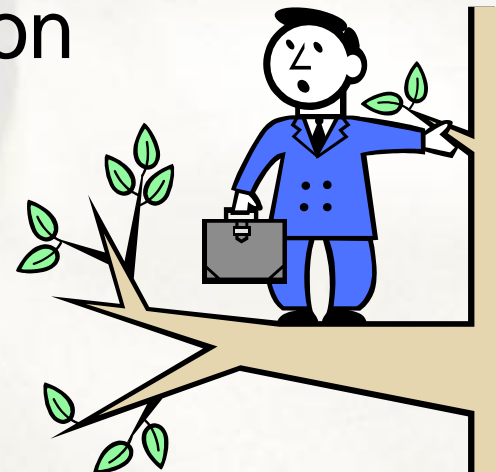
- Financial Management



Financial Analysis

– Role of financial management (L2: Explain)

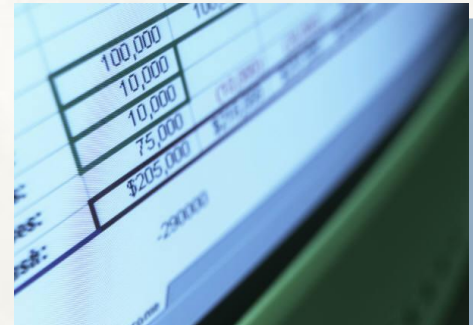
- Obtain and manage funds
- Make investment decision
- Manage risks



Financial Analysis (Cont'd)

– Functions of financial analysis

- evaluate the financial position of the business
- provide information for planning, control and making decisions



100,000	10,000
10,000	10,000
10,000	10,000
75,000	75,000
\$205,000	\$205,000
200,000	200,000

Financial Analysis (Cont'd)

– Ratio analysis of a business

(L4: Assess)

***Refer to Supplementary Notes for 2016 HKDSE,
Appendix 1***

- Profitability (e.g. GP ratio, ROCE, ...)
- Liquidity (e.g. trade receivable/payable turnover, ...)
- Solvency (e.g. gearing, ...)
- Management efficiency (e.g. inventory turnover, total assets turnover, ...)

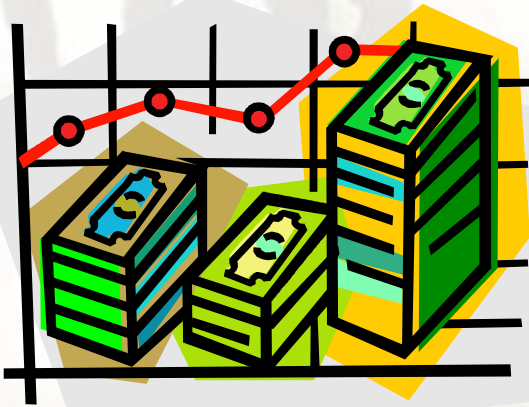
Financial Analysis (Cont'd)

- 4 types of accounting ratios, each type includes different measures:

- variables
- calculations
- use of the measure
- its limitations

Suggested students' activity

The Use of
Annual Report



Budgeting

– Purposes (L2: Explain)

2012 HKDSE #4

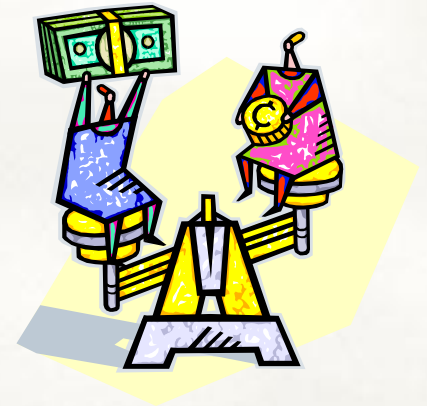
Budgeting is useful in:

- Planning (direction for action plan)
- Organising (resources allocation)
- Leading (targets for employees)
- Controlling (as performance standards)



Budgeting

- Natures and types
 - cash budget
 - sales budget
 - production budget
 - expenditure budget



Budgeting (Cont'd)

- **Usefulness** (help to meet the goals & to develop financial plan) and **limitations** (assumption, uncertainties)
(L1: Describe)

Budgeting (Cont'd)

- Factors leading to budgeting variance
(L3: Identify)

Calculation of variance is not required

2013 HKDSE #9(b)

sales/raw materials/labours/rental

- Remedial actions (L4: Propose)

Sources of Financing

- Different **Sources** of Financing
(L3: Compare)



Details of the features of financing instruments are not required.

- Debt and equity financing
- Short-term (e.g. trade credit, bank loan, ...) and long-term (e.g. mortgage, debentures, ...) financing
- Internal and external financing

Sources of Financing (Cont'd)

- Principles for selecting financing method

(L2: Apply)

- Meet the company objectives
- Factors (amount of capital, cost, terms, risk, gearing, tax, capital structure)

Sources of Financing (Cont'd)

2012 HKDSE #7(e)

- Sources of fund
- Reasons for suggestion (apply the principles for selecting financing method)

2013 HKDSE #7(d)

- Sources of fund

Capital Investment Appraisal

- **Factors** affecting capital investment decisions (**L4: Evaluate**)
 - **Financial** factors
 - interest rate, investment period, amount of capital
 - **Non-financial** factors
 - performance, legal and ethical issue

Capital Investment Appraisal (Cont'd)

- Evaluation of capital projects through the application of the following basic methods (L2: Apply, L4: Evaluate)
 - Payback period
 - Net present value (NPV)
 - Internal rate of return (IRR) (*calculation is not required*)
 - Accounting rate of return (ARR) (*calculation is not required*)
- variables/formula/use of method/its limitations

Capital Investment Appraisal (Cont'd)

Payback period

2013 HKDSE #8(d)(i)

- Calculation

Net present value (NPV)

2012 HKDSE #8(b)

- variables/formula/use of NPV

2013 HKDSE #8(e)

- calculation/use of NPV

Capital Investment Appraisal (Cont'd)

– **Usefulness** and **limitations** of different capital investment techniques

(L3: Compare)

e.g. in the aspects of

- time value of money
- scale
- calculation method
- simplicity of calculation

Working Capital Management

– Importance of working capital management

(L2: Explain)

- cash management
- control of current assets
- current liabilities

Working Capital Management

– Importance of working capital management

(L1: Describe)

Cash operating cycle	The length of time between company's outflow of materials, wages and other expenditure and inflow of cash from the sales of goods.
Cash conversion cycle	<ul style="list-style-type: none">• The time span between a company's disbursing and collecting cash.• It relates to credit purchase and credit sales.

Working Capital Management (Cont'd)

- Basic principles of cash management & the relevance of cash budgeting

(L1: Describe)

Calculation of cash budget is not required.

e.g.

- Ensuring the cash is used to meet the goals
- Policy to encounter cash flow problem arising from surplus cash or unexpected cash deficiencies

Working Capital Management (Cont'd)

– **Factors** affecting formulation of accounts receivable and accounts payable policies

(L3: Analyse)

- e.g. credit amount, creditworthiness, discount on early settlement

Working Capital Management (Cont'd)

2012 HKDSE #7(d)

Managing account receivable

- Credit term
- Credit standard
- Collection policy

2013 HKDSE #2

Managing account receivable (factors of granting credit to a customer)

- Character / capacity / cash flow / capital / collateral / conditions

Working Capital Management (Cont'd)

- Inventory management
 - Objectives (L2: Explain)
 - e.g. minimise the costs of obtaining stock, carrying costs and stock-out costs
 - Simple inventory control techniques (L2: Apply)
 - Economic Order Quantity (EOQ) and re-order level methods
- 2012 HKDSE #6(a)(i)
- Use of EOQ
 - Calculating EOQ

Risk Management

- **Types** of risks on business (L3: Identify)
 - speculative risk, pure risk
 - Insurable, non-insurable
- **Impacts** of risks on business activities (L4: Analyse)
 - loss of profit, damage to property, personnel loss and liability loss

Risk Management (Cont'd)

– Insurance protection to business (L2: Demonstrate an understanding)

- Basic insurance principles
 - risk transferable
 - law of large number
- Types of insurance
 - comprehensive insurance, motor insurance, fidelity insurance, liability insurance, public liability insurance, employees' compensation insurance

Risk Management (Cont'd)

2012 HKDSE #7(c)

Understanding insurance (insurable vs non-insurable risk)

- measurable?
- speculative risk?
- accidental?
- law of large number

Risk Management (Cont'd)

– Risk management strategies

(L2: Explain)

- Risk avoidance
- Risk assumption
- Risk reduction
- Risk transfer / risk shifting

2012 HKDSE #6(b)

Hedging

2013 HKDSE #6(a)

Risk management strategies



Business Management Module - Human Resources Management



Human Resources Management

- Functions of human resources management
 - Manpower planning (L1: Explain/Describe)
 - Importance
 - 5-step process of manpower planning (approaches and process of job analysis are not required)
 - Staffing (L1: Describe/Compare)
 - Recruitment, selection, placement, orientation and training

2013 HKDSE #10(b)

Recruitment method (use/advantages/disadvantages)

- Internal vs external
- Personnel of different operational level



Human Resources Management

- Functions of human resources management (cont'd)
 - Performance management (L1: Describe; L2: Explain)

- Objectives

- process

2013 HKDSE #1

The use of performance appraisal

- Placement decision
- Training needs
- Manpower planning
- Compensation
- Motivation



Human Resources Management

- Functions of human resources management (cont'd)
 - Compensation and benefit management
(L1: Describe, L2: Explain, L3: Compare)
 - Monetary and non-monetary compensation and their forms
 - Purposes of benefits

2013 HKDSE #8(b)

Monetary compensation and its forms

- commission / bonus / merit pay / profit-sharing / stock option

2012 HKDSE #1

Purposes of providing *indirect compensation*

- Senses of belongings / retain employees / attract high calibre employees



Human Resources Management

- Functions of human resources management (cont'd)
 - Training and development
(L1: Describe, L2: Explain, L4: Evaluate)
 - Objectives and features
 - Modes of training (effectiveness)

2012 HKDSE #8(a)

Steps of performing training functions:

- Identify training needs
- Formulate training objectives
- Design the training programme
- Implement the training programme
- Evaluate the effectiveness of the training programme



Human Resources Management

- Development of a quality workforce

- Motivation

(L2: Apply)

- 3 motivation theories

1. Maslow's Hierarchy of Needs Theory
2. Herzberg's Dual-factor Theory
3. McGregor's Theory X and Theory Y

2013 HKDSE #8(a)

Theory X and Theory Y

- assumption
- impacts on management decision

2012 HKDSE #7(a)(b)

Importance / impacts of morale on

- absenteeism / labour turnover
- job satisfaction
- job performance / job motivation



Human Resources Management

■ Development of a quality workforce (cont'd)

- Internal communication programmes to enhance employee relations (L4: suggest)
 - **Functions**
 - enhance information flow within a company
 - staff control
 - tighten relationship between managers and employees / amongst employees
 - good for decision making
 - **Kinds of communications** (verbal, written, visual etc)
 - **Direction of communications**
 - vertical (upward, downward) / lateral
 - **Factors** affecting the decision of internal communication programme
 - who manage the programme? Information? ...



Business Management Module

- Marketing Management



Marketing Management

- Role of marketing

(L1: Discuss; Describe, L2: Explain)

- Concept

2012 HKDSE #6(c)

Marketing concept

- Analyse the needs / measure profits / provide goods or services to meet their needs

- Importance

- Process (Planning, organising, implementing, controlling)





Marketing Management

- Marketing research

(L2: Explain, apply)

- Importance and objectives
- Market research design
 - * Data collection methods
 - * Sampling techniques
 - probability sampling (random / stratified)
 - non-probability sampling (convenience)

2013 HKDSE #7(b)

Types of data collection methods

- survey / qualitative / observational / experiment



Marketing Management

- Customer behaviour
(L1: Describe,
L3: Analyse, Identify, Distinguish)
 - Customer decision-making process

2012 HKDSE #6(d)

steps of customer decision-making process

- Stimulus / need awareness / information search / alternatives developed / evaluation of alternatives / buying action
- Factors affecting their decisions
- Major business customers
- Business and consumer markets





Marketing Management

- Marketing strategies for goods and services
(L2: Explain, apply, L3: Compare, L4: Illustrate)

➤ Target markets

- Market segmentation
- Market targeting
- Positioning

2012 HKDSE #9(a)

The bases of market segmentation

- Geographic / demographic / psychographic / benefit

2013 HKDSE #7(c)

Evaluate target segment

- Size and growth / distinctive customer needs / competition / company's finance and resources



Marketing Management

- Marketing strategies for goods and services
(L2: Explain, apply, L3: Compare, L4: Illustrate)

➤ Marketing mix

- 4P

2012 HKDSE #6(e)

Place / promotion / price

2013 HKDSE #7(e) –

Promotion mix

2013 HKDSE #5

Factors affecting the design of a marketing channel

- Cater customer needs / level of services provided / control and evaluation / HR decision



Marketing Management

- Marketing strategies for goods and services
(L2: Explain, apply, L3: Compare, L4: Illustrate)

➤ Marketing mix

- 4P
- Product life cycle

2013 HKDSE #10(a)

Growth stage of product life cycle

- Cash flow / sales / profit / competition / cost / characteristics of customers



Marketing Management

- Marketing strategies for goods and services

(L2: Explain, apply, L3: Compare, L4: Illustrate)

➤ Marketing mix

- 4P
- Product life cycle
- Services marketing
- Traditional vs e-marketing

2013 HKDSE #8(c)

Services marketing

- Characteristics of services and why service standards can be improved through effective and relevant training

2012 HKDSE #5

Traditional vs e-marketing

- Benefits of e-marketing to perform distribution function
- Cost-saving / wide coverage / convenience to customers / extended service hours



Marketing Management

- Customer relationship management (CRM)
(L2: Explain, Develop,
L4: Evaluate)

➤ Importance of CRM

➤ Factors affecting customer loyalty

➤ Strategies to enhance customer loyalty

2012 HKDSE #9(b)

Definition and importance of CRM

- Better service/product provided / lower cost / retain existing customers / increase cross-selling opportunity

2013 HKDSE #3

- Retain existing customers is more important than attracting new customers
- Cross-selling / cost incurred / lifetime value

Thank you

