EDUCATION BUREAU CIRCULAR MEMORANDUM NO. 74/2020

From: Secretary for Education
To: Heads of Secondary Schools including Special Schools with Senior Secondary Classes (excluding ESF schools and International schools)
Ref.: EDB/CDI/TE/08-05-21-04
Date: 20 May 2020

Direction of Development of the Business, Accounting and Financial Studies Curriculum and Assessment

Summary

This Circular Memorandum aims to announce the direction of development of the Business, Accounting and Financial Studies (BAFS), and the details of the refined curriculum and assessment (C&A) framework endorsed by the Curriculum Development Council (CDC).

Background

2. The CDC formed an ad hoc committee titled the Advisory Committee on Business-related Learning” in Technology Education KLA at Senior Secondary Level (the Advisory Committee) in 2015 to advise on the development of BAFS and related issues, which included the curriculum framework and arrangement on the assessment. After in-depth deliberations on relevant information and views of different stakeholders, the Advisory Committee made recommendations on the direction of development of BAFS and proposed the refined C&A framework. The recommendations were endorsed by the CDC and the Public Examinations Board (PEB) in November 2019 and April 2020 respectively. The refined BAFS C&A framework will be implemented at Secondary 4 starting from the 2022/23 school year, leading to the Hong Kong Diploma of Secondary Education (HKDSE) BAFS Examination in 2025 and thereafter.

Details

3. The Advisory Committee collected views from schools and other relevant stakeholders through different channels (including the school survey and related briefing sessions, focus group meetings, liaison meetings, written submissions, etc.). With professional deliberation and careful consideration, the Advisory Committee concluded that the BAFS subject should be retained while the development of separate subject(s) or splitting of BAFS into separate subjects was not supported. The Advisory Committee also proposed to refine the C&A framework of BAFS so as to cater for the learning needs of students. The CDC and PEB supported the recommendations. Details of the
recommendations on the refined C&A framework are as follows:

➢ **BAFS curriculum framework (CF) (Please refer to Appendix 1 for details):**

   (i) **Two-strand arrangement:** The existing curriculum offers two strands of studies, i.e. Accounting Strand and Business Management Strand. “Introduction to Accounting” and “Introduction to Management” will be moved from the compulsory part to the respective Accounting/Business Management elective modules with a view to enhancing the coherence of content in each strand.

   (ii) **Adjustment in the weighting of the compulsory part and elective part from 40:60 to 25:75:** The compulsory part of each strand will have two common topics, i.e. ‘Business Environment’ and ‘Basics of Personal Financial Management’. In addition, the compulsory part of the Accounting Strand includes ‘Basics of Management’ while the Business Management Strand includes ‘Basics of Accounting’.

   (iii) **Streamlining of the curriculum content:** The curriculum content is further streamlined for better flow and balanced weighting of content for the two strands of studies.

➢ **BAFS assessment framework (AF) (Please refer to Appendix 2 for details):**

   (i) **Proportional adjustments in AF:** The weighting, examination duration and number of questions in Paper 1 and Paper 2 will be adjusted on a pro rata basis in response to the change in the weighting of the compulsory part and the elective part from 40:60 to 25:75.

   (ii) **Separate examination papers will be provided for the two strands:** The Accounting Strand will be composed of Papers 1A and 2A and the Business Management Strand Papers 1B and 2B. Same questions will be set in Paper 1A & 1B for the common topics in the compulsory part of the two strands.

➢ **Year of implementation:** The refined C&A framework will be implemented at S4 starting from the 2022/23 school year, leading to the HKDSE BAFS Examination in 2025 and thereafter.

4. To enable schools to have a better understanding of the refined BAFS C&A framework as well as details of implementation, **updated supplementary notes and AF, as well as the sample papers** have been uploaded to the websites of the Education Bureau (EDB) ([https://bit.ly/2XRjfBh](https://bit.ly/2XRjfBh)) and the Hong Kong Examinations and Assessment Authority ([http://www.hkeaa.edu.hk/en/hkdse/hkdse_subj.html?A2&2&6_3](http://www.hkeaa.edu.hk/en/hkdse/hkdse_subj.html?A2&2&6_3)). Subject Panel Heads and teachers are advised to peruse the said documents in detail. The updated BAFS C&A guide will be uploaded to the said websites for reference in due course.
5. The EDB will organise two identical briefing sessions (Course ID: CDI020201118) on 18 June 2020 to introduce the direction of development of BAFS and its implementation details. Each school can nominate at most TWO representatives to attend the briefing sessions. The deadline for enrolment is 12 June 2020.

Support Measures for Schools

6. To facilitate schools and teachers’ preparation for the implementation of the refined curriculum, the EDB will continue to organise professional development programmes (PDPs) to broaden BAFS teachers’ horizons in the business world, share experience on learning and teaching, and disseminate good classroom practices. Besides, learning and teaching resource materials will be developed to support teachers in the implementation of the refined curriculum. For instance, educational multimedia resources to promote BAFS have been produced for students’ and parents’ viewing on HKEdCity at https://www.hkedcity.net/etv/resource/446481044.

Enquiry

7. For enquiries, please contact Mr. Patrick HO of the Technology Education Section, Curriculum Development Institute on 3698 3128.

Dr Gloria CHAN
for Secretary for Education
## Refined BAFS Curriculum Framework – Two-strand Arrangement

### Accounting Strand

<table>
<thead>
<tr>
<th>Compulsory Part (25%)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1(a) Business Environment (8%)</strong></td>
</tr>
<tr>
<td>• Hong Kong Business Environment</td>
</tr>
<tr>
<td>• Forms of Business Ownership</td>
</tr>
<tr>
<td>• Business Ethics and Social Responsibilities</td>
</tr>
<tr>
<td><strong>1(b) Basics of Management (9%)</strong></td>
</tr>
<tr>
<td>• Management Functions</td>
</tr>
<tr>
<td>• Key Business Functions</td>
</tr>
<tr>
<td>• Small and Medium Enterprises (SMEs)</td>
</tr>
<tr>
<td><strong>1(d) Basics of Personal Financial Management (8%)</strong></td>
</tr>
<tr>
<td>• Time Value of Money</td>
</tr>
<tr>
<td>• Consumer Credit</td>
</tr>
<tr>
<td>• Personal Financial Planning and Investment</td>
</tr>
<tr>
<td>• Stock Trading as an Investment</td>
</tr>
<tr>
<td><strong>Elective Part (75%)</strong></td>
</tr>
<tr>
<td><strong>2(a) Financial Accounting (60%)</strong></td>
</tr>
<tr>
<td>• Purposes and Role of Accounting</td>
</tr>
<tr>
<td>• Double Entry System</td>
</tr>
<tr>
<td>• Books of Original Entry and Types of Ledgers</td>
</tr>
<tr>
<td>• Trial Balance</td>
</tr>
<tr>
<td>• Period-end Adjustments Relating to the Preparation of Financial Statements</td>
</tr>
<tr>
<td>• Financial Reporting for Different Forms of Business Ownership</td>
</tr>
<tr>
<td>• Control System</td>
</tr>
<tr>
<td>• Incomplete Records</td>
</tr>
<tr>
<td>• Accounting Assumptions, Principles and Conventions</td>
</tr>
<tr>
<td>• Financial Analysis</td>
</tr>
<tr>
<td><strong>2(b) Cost Accounting (15%)</strong></td>
</tr>
<tr>
<td>• Cost Classification, Concepts and Terminology</td>
</tr>
<tr>
<td>• Marginal and Absorption Costing</td>
</tr>
<tr>
<td>• Cost Accounting for Decision-making</td>
</tr>
</tbody>
</table>

### Business Management Strand

<table>
<thead>
<tr>
<th>Compulsory Part (25%)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1(a) Business Environment (8%)</strong></td>
</tr>
<tr>
<td>• Hong Kong Business Environment</td>
</tr>
<tr>
<td>• Forms of Business Ownership</td>
</tr>
<tr>
<td>• Business Ethics and Social Responsibilities</td>
</tr>
<tr>
<td><strong>1(c) Basics of Accounting (9%)</strong></td>
</tr>
<tr>
<td>• Purposes and Role of Accounting</td>
</tr>
<tr>
<td>• The Accounting Cycle</td>
</tr>
<tr>
<td>• Uses of Financial Statements</td>
</tr>
<tr>
<td>• Accounting Assumptions, Principles and Conventions</td>
</tr>
<tr>
<td><strong>1(d) Basics of Personal Financial Management (8%)</strong></td>
</tr>
<tr>
<td>• Time Value of Money</td>
</tr>
<tr>
<td>• Consumer Credit</td>
</tr>
<tr>
<td>• Personal Financial Planning and Investment</td>
</tr>
<tr>
<td>• Stock Trading as an Investment</td>
</tr>
<tr>
<td><strong>Elective Part (75%)</strong></td>
</tr>
<tr>
<td><strong>3(a) Introduction to Management (13%)</strong></td>
</tr>
<tr>
<td>• Management Functions</td>
</tr>
<tr>
<td>• Key Business Functions</td>
</tr>
<tr>
<td>• Small and Medium Enterprises (SMEs)</td>
</tr>
<tr>
<td><strong>3(b) Financial Management (22%)</strong></td>
</tr>
<tr>
<td>• Financial Analysis</td>
</tr>
<tr>
<td>• Budgeting</td>
</tr>
<tr>
<td>• Sources of Financing</td>
</tr>
<tr>
<td>• Capital Investment Appraisal</td>
</tr>
<tr>
<td>• Working Capital Management</td>
</tr>
<tr>
<td>• Risk Management</td>
</tr>
<tr>
<td><strong>3(c) Human Resources Management (16%)</strong></td>
</tr>
<tr>
<td>• Functions of Human Resources Management</td>
</tr>
<tr>
<td>• Development of a Quality Workforce</td>
</tr>
<tr>
<td><strong>3(d) Marketing Management (24%)</strong></td>
</tr>
<tr>
<td>• Role of Marketing</td>
</tr>
<tr>
<td>• Marketing Research</td>
</tr>
<tr>
<td>• Customer Behaviour</td>
</tr>
<tr>
<td>• Marketing Strategies for Goods and Services</td>
</tr>
</tbody>
</table>
BUSINESS, ACCOUNTING AND FINANCIAL STUDIES

INTRODUCTION

The public assessment of this subject is based on the Business, Accounting and Financial Studies Curriculum and Assessment Guide (Secondary 4 - 6) jointly prepared by the Curriculum Development Council and the Hong Kong Examinations and Assessment Authority. Candidates have to refer to the Curriculum and Assessment Guide for the knowledge, understanding and skills they are required to demonstrate in the assessment.

ASSESSMENT OBJECTIVES

The public assessment of Business, Accounting and Financial Studies (BAFS) aims to assess candidates’ abilities to:

1. demonstrate knowledge and understanding of different areas of business;
2. apply such knowledge and understanding to familiar and novel situations;
3. analyse, synthesise and evaluate information in the context of business decisions, taking into account the integrated and dynamic nature of business problems; and
4. communicate facts, opinions, and suggestions in an effective manner.

MODE OF ASSESSMENT

Candidates are required to enter the examination in either of the two strands: Accounting or Business Management. The following table outlines the various components of the public assessment of the subject in HKDSE:

<table>
<thead>
<tr>
<th>Component</th>
<th>Accounting strand</th>
<th>Business Management strand</th>
<th>Weighting</th>
<th>Duration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Examination</td>
<td>Paper 1A Compulsory part</td>
<td>Paper 1B Compulsory part</td>
<td>25%</td>
<td>1 hour</td>
</tr>
<tr>
<td></td>
<td>Paper 2A Elective part</td>
<td>Paper 2B Elective part</td>
<td>75%</td>
<td>2 hours 30 minutes</td>
</tr>
</tbody>
</table>

2025-HKDSE-BAFS
PUBLIC EXAMINATION

Paper 1  Compulsory part
Candidates will attempt either Paper 1A or 1B. Questions will be set on the compulsory part of the curriculum.

There will be two sections as follows:

<table>
<thead>
<tr>
<th>Section</th>
<th>Paper 1A Accounting strand</th>
<th>Paper 1B Business Management strand</th>
<th>Weighting (25%)</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Section A</td>
<td>24 multiple-choice questions</td>
<td>24 multiple-choice questions</td>
<td>17%</td>
<td>All questions are compulsory.</td>
</tr>
<tr>
<td>Section B</td>
<td>3 short questions</td>
<td>3 short questions</td>
<td>8%</td>
<td>Same questions will be set for common topics in both strands.</td>
</tr>
</tbody>
</table>

Paper 2  Elective part
Candidates will attempt either Paper 2A or 2B. Questions will be set on the elective part of the curriculum.

There will be three sections as follows:

<table>
<thead>
<tr>
<th>Section</th>
<th>Paper 2A Accounting strand</th>
<th>Paper 2B Business Management strand</th>
<th>Weighting (75%)</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Section A</td>
<td>4-5 short questions</td>
<td>5-6 short questions</td>
<td>33%</td>
<td>All questions are compulsory.</td>
</tr>
<tr>
<td>Section B</td>
<td>3 application problems</td>
<td>2 case studies</td>
<td>27%</td>
<td></td>
</tr>
<tr>
<td>Section C</td>
<td>1 long question</td>
<td>1 essay question</td>
<td>15%</td>
<td>Answer one out of two questions.</td>
</tr>
</tbody>
</table>

Candidates are expected to be aware of the impact of standards issued by the Hong Kong Institute of Certified Public Accountants upon the accounting definitions and treatments covered by this curriculum. In case where updates in the accounting standards would affect the BAFS curriculum and/or assessment, the Curriculum Development Institute and the Hong Kong Examinations and Assessment Authority will announce the impact of the updates on the curriculum and/or assessment on a need basis.

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