

# BA4

## FUNDAMENTALS OF ETHICS, CORPORATE GOVERNANCE, AND BUSINESS LAW – 2017 SYLLABUS

BA4 is designed to provide candidates with fundamental knowledge and understanding of legal and administrative frameworks that underpin commercial activity. Therefore, the appropriate areas of contract law, employment law, administration and management of companies are included in BA4.

Further, BA4 reflects the professional standards that are expected from a management accountant in order to ensure benefit of all stakeholders. To this effect, the following areas too are included into BA4.

- Ethics and identifying ethical conflicts.
- Role and impact of corporate governance, corporate social responsibility and the audit function.

A two-hour computer based assessment, comprising 85 compulsory objective test questions will be used to assess candidates of BA4.

Refer page 33 of the 2017 Syllabus for the details in BA4.

This Transition Guide aims to answer questions such as:

- What in BA4 syllabus mirrors that of in C05?
- What are the new topics in BA4?
- What topics remain the same (as in C05), but need a different approach in teaching (and learning)?
- What topics in C05 are no longer in BA4 syllabus?

### FROM C05 TO BA4

Paper C05 Fundamentals of Ethics, Corporate Governance and Business Law			BA4 Fundamentals of Ethics, Corporate Governance and Business Law		
A	Ethics and Business	15%	→	A	Business Ethics and Ethical Conflict 30%
B	Ethical Conflict	10%	→	B	Corporate Governance Control and Corporate Social Responsibility (new content plus C02 section D content) 45%
C	Corporate Governance	10%	→	C	General Principles of the Legal System, Contract and Employment Law 15%
D	Comparison of English Law with Alternative Legal Systems (in part)	10%	→	D	Company Administration (reduced) 10%
E	The Law of Contract (in part)	20%	→		
F	The Law of Employment (in part)	10%	→		
G	Company Administration and Finance (in part)	25%	→		

- Greater coverage and emphasis on corporate governance and Corporate Social Responsibility, especially with company reporting.
- Areas such as the role of internal audit, the need for external controls, fraud and accounting errors have been introduced from C02 2011 syllabus.
- Topics that have moved out from its predecessor C05 (syllabus area D and part of E, F and G).

## WHAT'S STAYING THE SAME IN BA4?

- Ethics and Business, and Ethical Conflict, are consolidated into one syllabus topic.
- Corporate Governance has been increased, and includes internal controls and Corporate Social Responsibility.
- The legal sections have been consolidated into one topic.
- Company Administration remains, focusing on key elements.

## WHAT'S COMING IN TO BA4?

A Business Ethics and Ethical Conflict (syllabus weighting 30%)	B Corporate Governance Control and CSR (syllabus weighting 45%)
<p>This is not entirely new, but the scope and content is increased and more emphasis is given to ethical conflicts</p> <p><b>BA4 – A1</b> e. identify the ethical issues significant to organisations and how CIMA partners with strategic bodies to assist its members with ethical tensions/synergies</p> <p><b>BA4 – A2</b> d. illustrate the threats and safeguards to the fundamental ethical principles</p> <p><b>BA4 – A3</b> a. explain the relationship between the CIMA Code of Ethics and the law</p>	<p><b>BA4 – B1</b> c. explain the purpose, definition of the Organisation for Economic Co-operation and Development (OECD) principles of Corporate Governance d. describe IFAC's main drivers of sustainable corporate success e. illustrate CIMA's practical proposals for better corporate governance</p> <p><b>BA4 – B2</b> d. describe the respective committees and their roles and responsibilities with regards monitoring and controlling the actions of the Executive</p> <p><b>BA4 – B3</b> e. explain the role of internal audit in non-financial monitoring and control activities f. illustrate the added value internal audit provides to both the board and management of the corporation</p> <p><b>BA4 – B4</b> a. explain the nature of errors b. explain the nature of fraud c. describe the different methods of fraud prevention and detection</p> <p><b>BA4 – B5</b> a. describe the OECD general policies c. describe conflicting demands of stakeholders d. identify issues with CSR and the supply chain</p> <p><b>BA4 – B6</b> a. describe the guidelines of reporting CSR within annual reports b. identify synergies and tensions with CSR and brand management</p>
C Contract and Employment Law (syllabus weighting 15%)	D Company Administration (syllabus weighting 10%)
<p><b>BA4 – C2</b> b. explain what policies and procedures may be present in the workplace.</p>	<p>No new areas introduced</p>

## WHAT IS UNCHANGED IN BA4 FROM C05 BUT WILL NEED A DIFFERENT APPROACH?

Component Learning Outcome			
	BA4 2017	C05 2011	Change
A1a	Explain the nature of ethics and its application to society, business and the accountancy profession	Explain the nature of ethics and its application to the business and the accountancy profession	Learning outcome reworded
A1c	Explain the need for a framework of laws, regulations and standards in business and their application and why CIMA and IFAC each have ethical codes	Explain the need for a framework of laws, regulations and standards in business	Learning outcome reworded
A1d	Distinguish between detailed rules-based and framework/principles approaches to ethics	Distinguish between detailed rules-based and framework approaches to ethics	Learning outcome reworded
A2b	Explain the fundamental ethical principles	Explain the ethical principles of integrity, objectivity, professional competence, due care and confidentiality	Learning outcome reworded
A3b	Describe the consequences of ethical behaviour to society, business, the profession and the professional accountant	Describe the consequences of unethical behavior to the individual, the profession and the society	Learning outcome reworded

A4a	Identify situations where ethical dilemmas and conflicts of interest occur and apply CIMA's ethical check list to ethical dilemmas	Identify situations where ethical dilemmas and conflicts of interest occur	Learning outcome reworded
B1a	Describe corporate governance	Define corporate governance	Verb level changed from Define to Describe.
C2c	Explain the distinction between unfair and wrongful dismissal and the consequences	Explain the distinction between unfair and wrongful dismissal	Learning outcome reworded
D1b	Explain the differences between public and private companies	Explain the differences between public and private companies and establishing a company by registration or purchasing 'off the shelf'	Learning outcome reworded

## WHAT'S COME OUT OF C05?

C05 syllabus area D and part of syllabus area E, F and G are no longer examined in BA4.

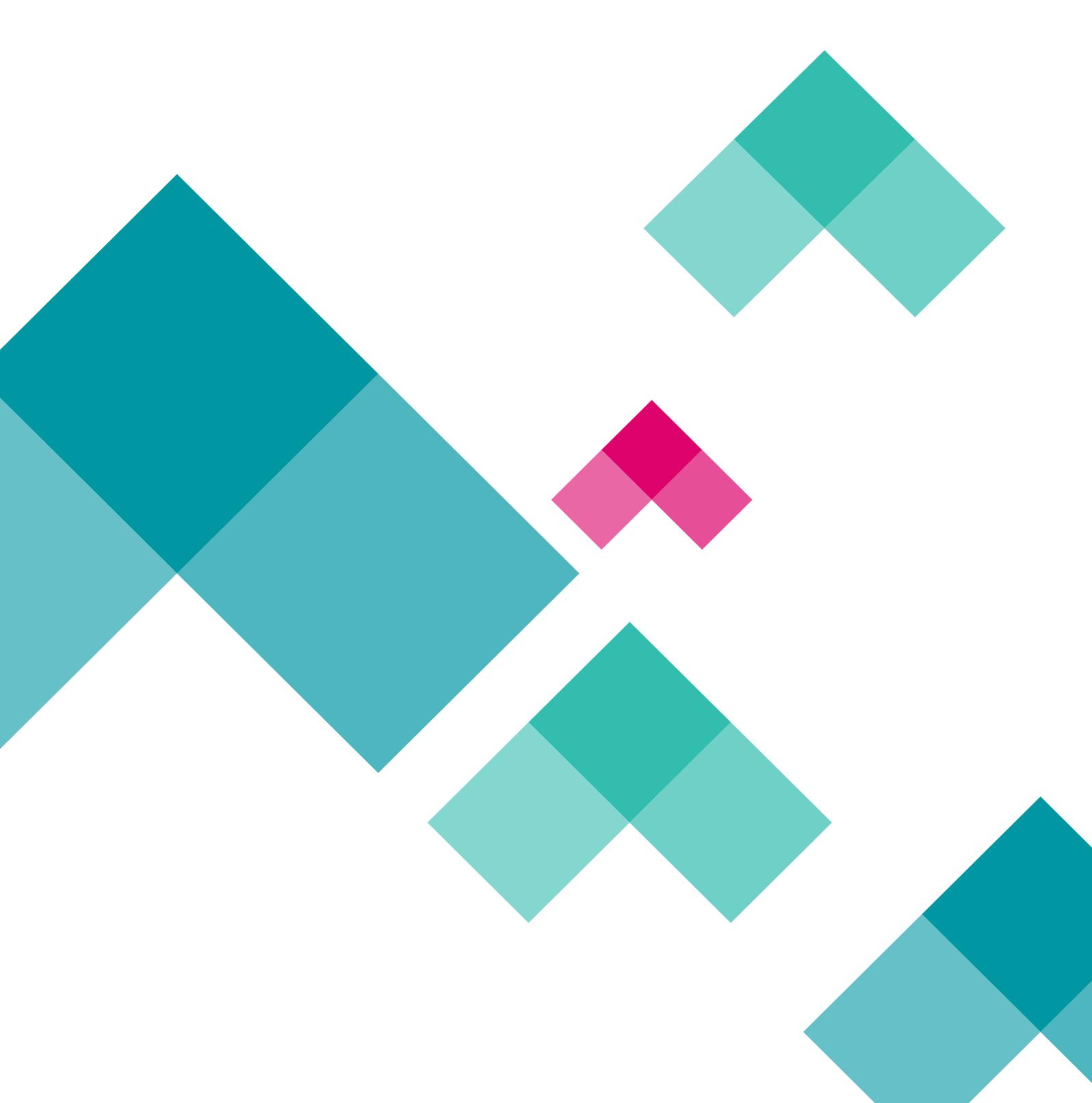
- C05 – D – Comparison of English Law with alternative legal systems.
- C05 – E2 – Explain when the law regards a contract as discharged and the remedies available for breach and non-performance.
- C05 – G2 – Explain the law relating to the financing and management of companies limited by shares.

## WHAT'S THE KEY MESSAGE?

The purpose of this subject is to provide an introduction to the social and legal contexts in which an organization operates. The sections on Ethics and Corporate Governance have increased; and the content on Law and Company Administration have reduced. A major change in Law is that it will consider a principles / best practice approach to terms and concepts, rather than being based on English law.

## BA4 AND 2015 PROFESSIONAL LEVEL SYLLABUS

	Operational level	Management level	Strategic level
BA4A Business Ethics and Ethical Conflict	E1A Introduction to Organisations	E2C Managing Relationships	E3A Interacting with the Organisations Environment
	E1F Managing Human Resources	F2B Financial Reporting	P3A Identification, Classification and Evaluation of Risk
	F1A Regulatory environment for Financial Reporting and Corporate Governance		P3B Responses to Risk
	F1B Taxation		
BA4B Corporate Governance Controls and Corporate Social Responsibility	E1A Introduction to Organisations		
	E1B Managing The Finance Function		P3B Responses to Strategic Risk
	E1D Operations Management		P3C Internal Controls to Manage Risk
	E1E Marketing		
	F1A Regulatory Environment for Financial Reporting		
	P1A Cost Accounting Systems		
BA4C General Principles of the Legal System, Contract and Employment Law	E1A Introduction to Organisations		P3B Responses to Strategic Risk
	E1F Managing Human Resources		
BA4D Company Administration	E1A Introduction to Organisations		E3A Interacting with the Organisations Environment
			F3A Formulation of Financial Strategy



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