

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>BA4 – A1 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>BA4 – A2 d. illustrate the threats and safeguards to the fundamental ethical principles</p> <p>BA4 – A3 a. explain the relationship between the CIMA Code of Ethics and the law</p> | <p>BA4 – B1 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>BA4 – B2 d. describe the respective committees and their roles and responsibilities with regards monitoring and controlling the actions of the Executive</p> <p>BA4 – B3 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>BA4 – B4 a. explain the nature of errors b. explain the nature of fraud c. describe the different methods of fraud prevention and detection</p> <p>BA4 – B5 a. describe the OECD general policies c. describe conflicting demands of stakeholders d. identify issues with CSR and the supply chain</p> <p>BA4 – B6 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>BA4 – C2 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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