

Business, Accounting and Financial Studies

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*Briefing Session
on Practice Paper*

15, 24 February 2012



Compulsary Part

Paper 1B



DSE BAFS
Practice Paper
Paper 1B
Q1 & Q6

Q1 – Sample 1

1. A business should be responsible to various stakeholders. List three types of stakeholders in a construction company and explain how the company can fulfill its social responsibilities to each of them. (6 marks)

Three stakeholders include its creditors (suppliers), employees and the society.

For the creditors like suppliers, the company should repay the liabilities to them timely and accurately so that it won't become a bad debt to the suppliers.

For the employees, the company should pay fair wage and buy insurance for the workers. It should also provide training and equipment to ensure their safety.

For the society, it should minimize the pollution it makes during the construction, e.g. clean up the construction wastes.

2

2

2

marks will not be marked.

Able to list three different types of stakeholders and explain clearly how the construction company can fulfill its social responsibilities to each of them

Q1 – Sample 2

1. A business should be responsible to various stakeholders. List three types of stakeholders in a construction company and explain how the company can fulfill its social responsibilities to each of them. (6 marks)

employees. Company should provide a comfortable working environment to the employees.

1

shareholders. Company should pay dividends to each shareholders.

1

customers. Company should provide a good services and good quality products to customers. and also a good services on return inwards cases.

2

be marked

Able to list three different types of stakeholders but the explanation on how the construction company can fulfill its social responsibilities to each of them is not clear

Q1 – Sample 3

1. A business should be responsible to various stakeholders. List three types of stakeholders in a construction company and explain how the company can fulfill its social responsibilities to each of them. (6 marks)

There are boundholders, preference shareholders and ordinary shareholders

share category

1

The company should distribute its interest along different stakeholders in order to protect their profit and right.

Also, the company should make an effective use of the capital raised to develop the business in order to earn higher profit.

marks will not be marked. 1

Unable to list three different types of stakeholders and explain how the construction company can fulfill its social responsibilities to each of them.

Q6 – Sample 4

6. 盧女士擁有三家小型時裝店。為改善公司的營運和內部溝通，她向一位管理顧問尋求意見。管理顧問建議盧女士採納「扁平式」的組織結構和使用電子通訊方式以改善公司現況。

(a) 試就以下範疇，比較「高架式」與「扁平式」組織結構的不同之處。

(1) 組織層次

(1分)

高架式，的組織層次比扁平式的^多，並分為不同的職位層次，而扁平式，則通常只有兩層，並沒有嚴格的分層。

1

(2) 控制幅度

(1分)

「高架式」中每個管理人員，上司只須管理一至二個的下屬，因此能有效控制企業的營運，而「扁平式」則須管理多個下屬，較難控制企業的營運。
同時

1

寫

能分辨「高架式」與「扁平式」組織結構的不同之處。

(b) 舉出盧女士應採用「扁平式」組織結構的兩項原因。

(4分)

首先，採用「扁平式」能改善企業的管理，因為較少層次的架構能加快傳遞資訊及作出決策的速度，不同部門的決策者可更快地傳送命令及訊息予下屬，加快作出決策的速度。

此外，採用「扁平式」能改善企業的內部溝通，因為管理層及其他員工不用把訊息逐層傳遞，使他們能直接向下一級的員工傳達訊息。

邊界以外的答案，將不予評閱。

2

2

能舉出兩項原因及充分解釋每項原因。

(c) 列舉時裝店內溝通使用電子通訊方式的兩個優點。

(2分)

首先，這可有效率地與內部的全部員工傳遞訊息，只要傳送一個電郵便可確保所有員工也能接收資訊。

此外，使用電子通訊可促進企業的內部溝通，員工之間可

只能舉出一項優點。

1

0

Q6 – Sample 5

6. 盧女士擁有三家小型時裝店。為改善公司的營運和內部溝通，她向一位管理顧問尋求意見。管理顧問建議盧女士採納「扁平式」的組織結構和使用電子通訊方式以改善公司現況。

(a) 試就以下範疇，比較「高架式」與「扁平式」組織結構的不同之處。

(1) 組織層次

(1分)

「高架式」的組織層次較多，有三層或以上；而「扁平式」組織層次較少，只有二至三層。

(2) 控制幅度

(1分)

「高架式」的控制幅度較小，因組織層次較多，难以全部控制；「扁平式」控制幅度較大，可以全面控制企业。

1

0

寫

未能恰當地就「控制幅度」作出比較。

(b) 舉出盧女士應採用「扁平式」組織結構的兩項原因。

(4分)

首先，因她想改善公司的內部溝通。「扁平式」的組織結構，其層次較少，可使她與會員較容易接觸，因而可改善她與員工間的溝通。

其次，這可減少她的營運成本。因組織層次少，所以

邊界以外的答案，將不予評閱。

2

0

只能提供一項原因並加合理解釋。

(c) 列舉時裝店內溝通使用電子通訊方式的兩個優點。

(2分)

時裝店內溝通使用電子通訊方式的好處是可以以快捷而又方便的方式與員工聯絡。而且這是一個双向溝通，員工與她之間可即時獲得回應。

1

只能提供一項優點。

Q6 – Sample 6

6. Ms Lo owns three small boutiques. In order to enhance the operations and internal communication of her company, she seeks advice from a management consultant. The consultant recommends Ms Lo to adopt a 'flat-type' organisational structure and use electronic means of communication to improve the situation.

(a) Compare the difference between a 'tall-type' and a 'flat-type' organisational structure in terms of

(1) organisational layers (1 mark)

'tall-type' have manager but 'flat-type' don't have.

X

0

(2) span of control (1 mark)

'tall-type' is easier to control while 'flat-type' is more difficult.

X

ot be marked.

0

Unable to compare the difference.

- (b) Give two reasons why Ms Lo should adopt a 'flat-type' organisational structure. (4 marks)

Firstly, 'flat-type' organisational structure is easier to carry out. The procedure is more simple and it can make quick business decision. Secondly, the structure can make the employees have higher working incentive. ... X

Answers written in the margins will not be marked

1

0

Unable to give two reasons with appropriate explanation.

- (c) List two advantages of using electronic means of communication in the internal communication of the boutiques. (2 marks)

First, it is convenience for them to communicate. X

Second, it enhance the communication between the business. X

0

0

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(Q2 & Q5)

Paper 1 Section B Question 2

2. Glassy Ltd and Pearl Ltd are competitors in the same industry. Based on the following information, comment on the liquidity of Glassy Ltd in 2011. (6 marks)

	Glassy Ltd	Pearl Ltd	Industrial Average
Current ratio	2.8:1	2.0:1	1.9:1
Quick ratio	1.0:1	1.1:1	1.0:1

This question tests candidates' knowledge and understanding of basic ratio analysis. They are expected to synthesise the given information to evaluate the liquidity of the business using accounting ratios.

Question 2 Sample 1

2. Glassy Ltd and Pearl Ltd are competitors in the same industry. Based on the following information, comment on the liquidity of Glassy Ltd in 2011. (6 marks)

	Glassy Ltd	Pearl Ltd	Industrial Average
Current ratio	2.8:1	2.0:1	1.9:1
Quick ratio	1.0:1	1.1:1	1.0:1

Both company's current ratio are higher than the industrial Average. But Glassy Ltd have a higher current ratio, which indicate it has a better ability to meet the current liabilities with the current asset than Pearl Ltd.

The quick ratio of Pearl Ltd is better than Glassy Ltd since Glassy Ltd just meet the industrial Average. It may indicate that Pearl Ltd will have a better ability to meet with the current liabilities with current asset minus inventory than Glassy Ltd. The reason for Glassy Ltd has a high current ratio but low quick ratio is because Glassy Ltd may hold too much inventory.

1

1

2

Demonstrates a good interpretation of accounting ratios on evaluating the

Question 2 Sample 2

2. Glassy Ltd and Pearl Ltd are competitors in the same industry. Based on the following information, comment on the liquidity of Glassy Ltd in 2011. (6 marks)

	Glassy Ltd	Pearl Ltd	Industrial Average
Current ratio	2.8:1	2.0:1	1.9:1
Quick ratio	1.0:1	1.1:1	1.0:1

Glassy Ltd has higher current ratio comparing with Pearl Ltd and Industrial Average. It means that they hold up too much inventory, especially for Glassy Ltd, it has average \$2.8 assets to cover \$1 liability. It can make more investment to generate more revenue. It is suggested that current ratio should be maintained about 2:1.

For quick ratio, Glassy Ltd has similar ratio with Pearl Ltd and Industrial Average. However, a good quick ratio should be 1.5:1. Glassy Ltd holds too much inventory - It has only \$1 assets excluding inventory to cover \$1 liability.

All in All, Glassy Ltd has better liquidity than Pearl Ltd and Industrial Average.

2

1

Demonstrates general knowledge and understanding of accounting ratios. The excessive inventory level is not well explained.

Question 2 Sample 3

2. Glassy Ltd and Pearl Ltd are competitors in the same industry. Based on the following information, on the liquidity of Glassy Ltd in 2011. (6)

	Glassy Ltd	Pearl Ltd	Industrial Average
Current ratio	2.8:1	2.0:1	1.9:1
Quick ratio	1.0:1	1.1:1	1.0:1

The liquidity of Glassy Ltd is relatively high than Pearl Ltd. As the information provided, Glassy Ltd has a current ratio 2.8:1 and Pearl Ltd has 2.0:1, we can see that the liquidity of Glassy Ltd is higher.

The question is responded with a general description of comparison of figures.

Paper 1 Section B Question

5. (a) Give two reasons why businesses have to prepare financial statements.

(2 marks)

This part aims to test candidates' knowledge and understanding of uses of financial statements. They are expected to identify the major users and explain how they make use of financial statements for different needs.

Paper 1 Section B Question

5. (b) Mr Cheung has a retailing firm. He knows little about book-keeping and has trouble preparing the financial statements for the firm. Based on the following information, prepare for his business the income statement for the year ended 31 December 2011. (6 marks)

	\$
Rent and rates	22 000
Salaries	31 000
Inventory (1 January 2011)	45 000
Inventory (31 December 2011)	38 000
Sales	188 000
Purchases	92 100
Returns inwards	5 500
Returns outwards	4 400
Carriage outwards	1 900
Discounts allowed	2 700

This part tests candidates' ability to prepare an income statement for a sole proprietorship.

Question 5 Sample 4

5. (a) Give two reasons why businesses have to prepare financial statements.

(2 marks)

First, the potential investors may wish to read the financial statement before they decided to invest on it, because the statement shows the company's financial situation. Profitability can be calculated by potential investors if the business have prepared financial statements. Also, it can be used for internal. At the end of financial year, manager may make use of the statements to evaluate the performance of the business.

Demonstrates sound knowledge and understanding of uses of financial statements. Reasons for preparing financial statements are well elaborated using appropriate business terminology.

Question 5 Sample 4

(b)	Mr Cheung Income Statement for the year ended 31 December 2011		0.5
	\$	\$	
Sales		188000	0.5
Less: Return inwards		(5500)	0.5
		<u>182500</u>	
Less = Cost of goods sold			0.5
Opening inventory	45000		0.5
Add = Purchase	92100		
Less = Return outward	(4400)	87700	0.5
		<u>132700</u>	
Less = Closing inventory		(38'000)	0.5
		<u>87800</u>	
Gross Profit			
Less = other expenses			0.5
Rent and rates	22000		0.5
Salaries	31000		0.5
Carriage outward	1900		0.5
Discount allowed	2700	(57600)	
		<u>36200</u>	0.5
Net profit			

The income statement is clearly presented

Question 5 Sample 5

5. (a) Give two reasons why businesses have to prepare financial statements. (2 marks)

Provide e information of of the company
finance to the ~~outer~~ outsiders like the investors. So that
they can make their decision.

1

Able to give one reason for preparing financial statements with appropriate explanation.

Question 5 Sample 5

(b)

Mr. Cheung Income Statement (31 December 2011)		\$	\$	\$
Sales				
Sales				188000
Return outward				5500
inward				<u>5500</u>
Net sales				182500
<u>Cost of good sold</u>	Add/Less??			
Inventory (1 January 2011)		75000		0.5?
Purchase		92100		0.5?
		<u>137100</u>		
Less: Return outward		4400		0.5?
Carriage inward		<u>141500</u>		
Less: Closing inventory		38000		0.5?
Revenue		<u>103500</u>		
<u>Expenses</u>	Add/Less??			
Rent and rates			22000	
Salaries			31000	
Discounts allowed			<u>2700</u>	

Demonstrates basic knowledge and understanding of financial statements. The accounting treatment of the cost

Question 5 Sample 6

5. (a) Give two reasons why businesses have to prepare financial statements.

(2 marks)

Financial statements show you if you have enough finance resource to start your businesses. Like ^{enough} capital to provide new service or product new goods. Also, financial statements show you what you need to control or change. Rent expense ~~on~~ showed on statement is too large? Then you need to find ~~some way to solve~~ the solution of it.

Able to give one reason for preparing financial statements though the communication ability is low.

Question 5 Sample 6

(b)

Mr. Cheung ✓
Income statement for the year ended 31 December 2011

	\$	\$	\$	
Sales			188 000	0.5
Less: Return inward			5500	0.5
			182,500	
Less cost of good sold				
Purchases	92,100			0.5
Less: return outward	4400			0.5
			87700	0.5
Less: closing inventory		38000	49700	0.5
			132,800	
Net profit				

Demonstrates elementary knowledge and understanding of financial statements. The deduction of operating expenses from the gross

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(Q3 & Q4)

Q3

Question

3. Ms Li is considering purchasing a mobile phone at a price of \$4800, using instalment plan. The following instalment plans are available:

Plan A: 12-month interest-free instalments with a handling fee of 5% on the price of the mobile phone. The handling fee is spread equally over the instalment period and payable at the end of each month with the instalment.

Plan B: 12-month equal instalments with an interest of 1% per month on the outstanding principal payable at the end of each month. (The present value of an annuity of \$1 for 12 periods is 11.255.)

(a) Calculate (to two decimal places) the respective amount of monthly instalment to be paid under Plan A and Plan B. Show your workings. (4 marks)

(b) Which instalment plan should Ms Li adopt? Explain. (2 marks)

BAFS/PP/1A

Q3

Sample script

(a)

$$\begin{aligned} & \text{Monthly instalment of Plan A} \\ & = \frac{4800 * (1 + 5\%)}{12} \quad // \quad \mathbf{2} \\ & = \$420 \\ & \text{Monthly instalment of Plan B} \\ & = \frac{4800}{11.255} \quad // \\ & = \$426.48 \text{ (corr. to 2 d.p.)} \quad // \quad \mathbf{2} \end{aligned}$$

Comment: This candidate shows that s/he is able to master the calculation as required by using information given.

BAFS/PP/1A

Q3

Sample script

(a)

Plan A:

$$\begin{aligned} & \$4800 \times \left(\frac{5\%}{12}\right) + \$400 \\ & = \$20 + \$400 \end{aligned}$$

monthly instalment = \$420

2

Plan B:

$$\begin{aligned} \$4800 & = \text{Pmt} \times 11.255 \\ \text{Pmt} & = \$426 \end{aligned}$$

Monthly instalment = \$426

1

Comment: This candidate shows that s/he knows how to calculate the amount of instalment as required but s/he calculated/truncated it incorrectly.

Q3

Sample script

(a)

Amount of monthly instalment under Plan A		
= $\$(4800 \times 5\%) \div 12$		
= $\$(240 \div 12)$		
= <u>\$20</u>	X	0
Amount of monthly instalment under plan B		
= $\$(4800 \times 1\%)$		
= <u>\$48</u>	X	0

Comment: In the first part, the candidate calculated the **handling fee** payable rather than the total amount of each instalment. In the second part, the candidate is not able to utilise the given annuity value to calculate the amount payable per instalment.

BAFS/PP/1A

Q3

Sample script

(b)

Ms Li should adopt Plan A ¹ because Plan A has a lower monthly instalment with the same time period (ie. 12 months). ✓ 1

Comment: This candidate shows that s/he is able to identify the more favourable plan, supported by a reason (both in terms of number of instalment and amount).

BAFS/PP/1A

Q3

Sample script

(b)

Hs Li should adopt ~~plan~~ A, ¹ due to the lower ~~cost~~ cost? ⁰
of each month, _____ X

Comment: The candidate is able to identify which plan is better but s/he is not able to give an appropriate reason (what is the term “cost” refers to?).

BAFS/PP/1A

Q3

(b)

Sample script

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Plan B. It is because the instalment plan B in monthly
are cheaper than Plan A.

0

Comment: The candidate is unable to identify the favourable plan and without a clear reason to support his/her answer.

Q4

Question

4. Mr Lam plans to use all of his savings to buy 'third-liners' listed on the Growth Enterprise Market. His friend suggests him to diversify risk by switching some of his investment to 'blue-chips' listed on the Main Board.
- (a) Give two differences between 'third-liners' and 'blue-chips' from the investors' perspective. (4 marks)
- (b) Which type of financial risk cannot be avoided even if Mr Lam shifts part of his investment to 'blue-chips'? Explain. (2 marks)

Q4

Sample script

(a)

One difference is the expected risk of the two types of shares. For third-liners, it usually has higher risk as it has its amount of capital ^{is relatively small} and performance is relatively unstable, while the blue-chips are well-established large corporations that have a lower risk of liquidation. From the lower ^{and} more lax listing requirement on the Growth Enterprise Market we can conclude that the risk of third-liners is higher. 2

Another difference is the liquidity of the share. For 'third-liners' as it is listed on the Growth Enterprise Market, the transactions volume and frequency will be relatively small and low, ^{thus have lower liquidity} due to the low reputation of the firm. However, as the 'blue-chips' are large and well-known company listed on the Main Board, the transaction of it will be more frequent, thus it will have ^{greater} liquidity. 2

BAFS/PP/1A

Q4

(a)

Sample script

(a) 'Third-liners' are growing businesses which may possibly be more risky than the long-established 'blue-chips' stable.
 In terms of investment

(4 marks)
 First, the share price of blue-chips is more stable.
 As it is usually big and reputable company. But
 third-liner's share price is more unstable as they
 are new entrants of the stock market.
 third-liners's

Comment: Both candidates are able to identify differences between blue chips and t

BAFS/PP/1A

Q4

Sample script

(a)

- 'Blue-chips' has ~~more~~ higher risk than 'third-liners'.
~~and~~. 'Blue-chips' is ~~received~~.

The interest of Blue-chips is according to
 change of the market rate? and that mean it
 is not stability. ~~The~~ The investment could bear
 higher ~~more~~ risk, ~~than~~ whereas the investment of third-liners
 has a fixed ~~rate~~ returns, and it is more stability.

- ~~The~~ The investment of Blue-chips is ^{need} more amounts ~~to~~ than
 invest ~~to~~ third-liners. The investment of Blue-chips is
 larger than the investment of third-liners.

Comment: The candidate is not able to show his/her understanding to the concept of blue chips and third-liners

BAFS/PP/1A

Q4

(b)

Sample script

Market risk cannot be avoided¹ even if he shifts part of his investment to 'blue chips'. Market risk is about the market inflation and the economic atmosphere. He cannot control the market risk. 1

Comment: This candidate is able to name the type of risk and identify its uncontrollable nature.

BAFS/PP/1A

Q4

(b)

Sample script

market risk ¹ Even if investing in 'blue chips', there is still market risk. The market may fluctuate anytime and the price of it can still be fluctuated. ...

Comment: The candidate identified the name of risk but unable to tell why the risk is unavoidable.

BAFS/PP/1A

Q4

(b)

Sample script

It is the speculative risk that cannot be avoided. Speculative risk of investing in stocks refers to the risk of suffering loss. Even if Mr Lam shifts part of his investment to 'blue-chips', the share price and profits of the company cannot ~~guaranteed~~ to be rise and stable, thus speculative risk and loss will occur if the company's share price drops and suffer loss. 0

Comment: The candidate referred to another concept.

Accounting Module

Paper 2A



HKDSE Business, Accounting and Financial Studies (BAFS)

Practice Paper Briefing Seminar

Paper 2A

Question 1 to 4

1. The bank account of VM Ltd as at 31 December 2011 had a debit balance of \$40,000 which was different from the ending balance shown on the bank statement for the month of December 2011. Subsequent comparison of the cash book with the bank statement revealed the following:

- (i) Bank charges of \$496 shown on the bank statement had not been recorded in the cash book.
- (ii) Cash of \$7933 deposited by a customer on 20 December 2011 had been credited by the bank but no record had been made in the cash book.

(iii) The following cheques issued to suppliers were not shown on the bank statement:

<i>Cheque Number</i>	<i>Date of issue</i>	<i>Amount</i>
30801	17 December 2011	\$2453
30834	30 December 2011	\$3758

(iv) A cheque with an amount of \$5100 deposited into the bank on 31 December 2011 was shown on the bank statement for the month of January 2012.

REQUIRED: (Update the cash book and prepare a bank reconciliation statement)

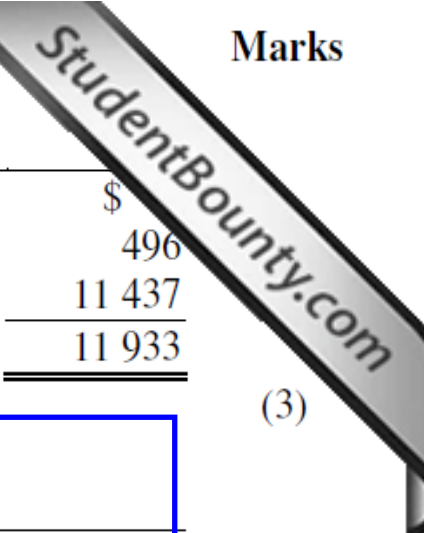
- (a) Update the bank account in the books of VM Ltd. (3 marks)
- (b) Prepare for VM Ltd a bank reconciliation statement as at 31 December 2011, commencing with the updated bank account balance in (a). (2 marks)

marks)

marks)

QUESTION 1

Marks



(a)

		Bank			
2011		\$	2011	\$	
Dec 31	Balance b/d	4 000	Dec 31	Bank charges (i)	496
	Trade receivables (ii)	7 933		Balance c/d	11 437
		11 933			11 933

Cash X

(3)

(b)

VM Ltd	
Bank reconciliation statement as at 31 December 2011	
	\$

Balance as per adjusted bank account	Per bank statement ?	11 437	
Add: Unpresented cheques (iii)			
30801	2 453		1/2
30834	Missing ?	3 758	1/2
		6 211	
		17 648	
Less: Uncredited deposit (iv)		5 100	1/2
Balance as per bank statement	Per adjusted bank account ?	12 548	1/2

(2)

(c)

Uses:

2

- locating accounting errors either made by the bank or by the firm
- explaining differences at a given date between the balance of the bank account as shown in the firm's cash book and the balance of bank statement as prepared by the bank

Section A – Q.1(a) Sample One

(2 out of 7 marks)

Section A.

1.a). Bank.

	\$.		\$.
Bal b/d	4,000	^{bank} charges.	496 =
Cash x	79.33	Suppliers	2453 x
Creditors X		Suppliers.	3758 x
		unpresented	5100. x
		Cheque	
		Bal c/d.	126. x

Redundant entries in the cash book

Section A – Q.1 (b) Sample One

(2 out of 7 marks)

1 b). VM Ltd.

Bank Reconciliation Statement as at 31 December 2011.

Balance as at bank statement	Per bank statement	\$ 5,111	X
Add un-presented cheque		5100	wrong direction
Less uncredited cheque		(6,211)	
Balance as at cash book	Per Cash Book	4,000	X
		0	

Wrong format of reconciliation.

Section A – Q.1(c) Sample One (2 out of 7 marks)

1c). First, it helps to detect the errors made by entering account. Second, it helps to provide consistent records with own cash book and bank statement.

Explaining differences?

Preventing fraud?

Locate errors made by the bank and the firm so as to maintain consistent and correct records -- basically the same point.

Section A – Question 1

Overall performance of the candidates is good.

2. Perry Ltd started producing Product A on 1 January 2012. The unit selling price and unit production cost of Product A for the month of January 2012 were as follows:

	(\$/unit)
Selling price	5.90
Direct material	1.20
Direct labour	1.40
Variable production overheads	0.70
Variable selling and administrative expenses	0.15

- (i) Fixed production overheads were budgeted at \$308 000 per month and were absorbed based on the number of units produced. Actual fixed production overheads of Product A were the same as the absorbed fixed production overheads for the month.
- (ii) Budgeted production and budgeted sales were the same at 280 000 units per month.
- (iii) Actual production and actual sales of Product A for the month were 250 000 units and 220 000 units respectively.
- (iv) Actual fixed selling and administrative expenses were \$110 000.
- (v) There were no closing direct materials and work-in-progress inventories of Product A as at 31 January 2012.

REQUIRED:

- (a) Prepare the income statement for the month ended 31 January 2012 using absorption costing. (7 marks)
- (b) As compared with the absorption costing system, advise Perry Ltd two advantages of using the (2 marks)

QUESTION 2

(a)

Perry Ltd
Income statement for the month ended 31 January 2012 using absorption costing

	\$	\$	
Sales		1 298 000	
Less: Cost of goods sold			
Direct materials	\$308,000 (budgeted OH)	300 000	1/2
Direct labour	280,000 (budgeted units) = \$1.1	350 000	1/2
Variable production overheads		175 000	1/2
Fixed production overheads absorbed	250,000 x \$1.1 =	275 000	\$308,000 X 1
		1 100 000	
Less: Closing inventory (\$4.4 x 30 000)	Missing ?	132 000	968 000 2
Gross profit		330 000	1/2
Less: Variable selling and administrative expenses		33 000	1/2
Fixed selling and administrative expenses		110 000	1/2
Net profit		187 000	1/2
	Over-absorbed fixed production overheads	\$33,000 X	(7)

(b)

- Advantages: **Avoid profit manipulation by increasing closing inventory** 2
- inventory valuations will not be distorted by the changes in current year's fixed costs
 - enables the company to concentrate on its controllable aspects by separating its fixed and variable costs
- Relevant costs**
- helps management to make production and sales decisions with the calculated marginal costs information

1 mark for each relevant advantage, max. 2 marks)

marks
1.5 mark

Section A – Q.2(a) Sample Two

(8 out of 9.5 marks)

Presentation

2c. Income statement for the month ended 31 Jan 2012		\$	\$	
Sales	(5.9 × 220,000)		1,298,000	1/2
Less: Cost of goods sold				
Cost of goods produced				
Variable:	(1.2 + 1.4 + 0.7) × 250,000	825,000		
Fixed:	(308,000 ÷ 280,000) × 250,000	275,000		
		1,100,000		
less: Closing inventory		(132,000)	968,000	4 1/2
			330,000	
less: Under-absorbed production overheads			X (330,000)	
Gross Profit	\$308,000 (budgeted) - \$275,000 (absorbed)		X 297,000	
less: Selling and admin expense				
(0.15 × 220,000)			(33,000)	1/2
			(110,000)	1/2

Misunderstanding of over/under absorption?

Section A – Q.2(b) Sample Two (8 out of 9.5 marks)

26) First, using marginal costing system can have more relevance in decision making because in marginal costing, fixed cost, which is not included in the product cost of product. Marginal costing can be based on to find whether the product can earn large amount of profit.

First, using marginal costing system can have more relevance in decision making because in marginal costing, fixed cost which is not included in the product cost of product. Marginal costing can be based on to find whether the product can earn large

Section A – Q.2(b) Sample Two (8 out of 9.5 marks)

Second, marginal costing system can prevent the use of using high amount of closing inventory to make higher profit, which can be done by absorption costing.

**Second, marginal costing system can prevent the ??
or using high amount of closing inventory to make
higher profit, which can be done by absorption
costing.**

Section A – Q.2(a) Sample Three (4 out of 9.5 marks)

Income statement for the month ended 31 Jan, 2012		Presentation?	
	\$	\$	
Sales (\$5.9 x 220000)	1298000	1298000 ✓	1/2
Not budgeted sales : 280,000 units			
less: Cost of goods sold			
Should be actual production 250,000 units			
Direct materials (1.2 x 220000)	264000	264000 ✗	
Direct labour (1.4 x 220000)	308000	308000 ✗	
Variable production overheads (0.7 x 220000)	154000	154000 ✗	
Fixed production overhead	308000	308000 ✗	
	1034000		
less: closing inventory [(1.2 + 1.4 + 0.7 + 1.4) x (280000 - 220000)]	141000	141000 ✗	1/2
Gross profit		405000 ✗	
less: variable selling and administrative expenses (0.15 x 220000)	33000	33000 ✓	1/2

Section A – Q.2(b) Sample Three (4 out of 9.5 marks)

2b) The first advantage of marginal costing is to provide more useful information to short-term decision making. Unlike absorption costing, the fixed costs will be absorbed to each product. As fixed cost is not relevant for decision making, so marginal costing can have a more useful short-term information for short-term decision-making.

The first advantage of marginal costing is to provide more useful information to short-term decision making. Unlike absorption costing, the fixed costs **will be absorbed ???** to each product. As fixed cost is not relevant for short-term decision making, so marginal costing can have a more

Section A – Q.2(b) Sample Three (4 out of 9.5 marks)

The second advantage is it can show the unit contribution of each product. As fixed cost is throughout the year and not relevant for short-term decision, so the unit contribution which exclude calculating fixed cost is more accurate of the profit of the product.

The second advantage is it can show the unit contribution of each product. As fixed cost is throughout the year and not relevant for short-term decision, so the unit contribution which exclude calculating fixed cost is more accurate of the profit of the product.

Section A – Question 2

Overall performance is not satisfactory.

3. Easy Company makes all purchases and sales on credit. The following balance sheet of the company as at 31 December 2011 were extracted:

	\$
Sales	10 186 000
Purchases	7 294 500
Inventory – as at 1 January 2011	878 000
– as at 31 December 2011	990 000
Trade receivables – as at 1 January 2011	856 000
– as at 31 December 2011	996 000

REQUIRED:

- (a) Calculate (to one decimal place) the following accounting ratios for 2011:
 - (1) trade receivables collection periods (in months) (1 mark)
 - (2) inventory turnover Rate? Or Period? (2 marks)

Subsequent checking of the records by the accountant of Easy Company revealed that no entries had been made for the following items:

- (i) Loan interest of \$5050 incurred in 2011 remains unpaid as at 31 December 2011.
- (ii) A motor vehicle costing \$80 000 with an accumulated depreciation of \$40 000 as at 31 December 2011 was sold for \$48 000 in cash on the same date.

REQUIRED:

- (b) Prepare the journal entries to record the above transactions for the year ended 31 December 2011. (3 marks)

QUESTION 3

Marks

(a)

(1) Trade receivables collection periods = $\frac{(\$856\,000 + \$996\,000)/2}{\$10\,186\,000} \times 12 \text{ months}$ = 1.1 months

Average trade receivables?

Cost of goods sold – not purchases or sales or GP

(2) Inventory turnover = $\frac{\$7\,182\,500 \text{ (W1)}}{(\$878\,000 + \$990\,000)/2}$ = 7.7 times

Average inventory?

(W1) Cost of goods sold = $\$878\,000 + \$7\,294\,500 - \$990\,000$
 = $\$7\,182\,500$

(b)

Journal		
2011	Dr	Cr
December 31	\$	\$

(i) Profit and loss / Interest expense	Income statement ?	5 050		1/2
Accrued loan interest	Loan interest ?		5 050	1/2
(ii) Accumulated depreciation – Motor vehicles		40 000		1/2
Cash		48 000		1/2
Motor vehicles			80 000	1/2
Profit and loss / Gain on disposal of motor vehicles			8 000	1/2
	Income statement ? Loss on disposal ?			(3)

(c)

- Accrual concept **Should not be Matching concept** 1
- Unpaid loan interest should be credited to accrued loan interest account to represent an increase in current liability in 2011. 1
 - The loan interest incurred should be debited in the profit and loss account as an increase in operating expenses of 2011.
- (1)

Section A – Q.3(a) Sample Four (5 out of 8.5 marks)

3a)

(1) The trade receivables collection periods (in months)

$$= \frac{(856000 + 996000) \div 2 \times 12}{10186000}$$

$$= 1.1 \text{ months}$$

1

(2) The inventory turnover

$$= \frac{7294500 \times \text{purchases}}{(878000 + 990000) \div 2}$$

$$= \frac{7294500}{934000}$$

$$= 7.8 \times \text{times}$$

Should be Cost of goods sold

 $\frac{1}{2}$

Section A – Q.3(b) Sample Four

(5 out of 8.5 marks)

(b)

The Journal		Presentation		
Date	Particulars	Debit	Credit	
2011	Profit and loss / Interest expenses	£	£	1/2
31/12	<u>Income statement</u> - [*] accrual expenses Loan interest [*] accrual	5050	5050	
31/12	Cash	48000 ✓		1/2
	accumulate d depreciation - motor vehicles	40000 ✓		1/2
	<u>disposal of</u> [*] a motor vehicles		80000	
	loss on disposal [*]		8000	
	profit			

Section A – Q.3(c) Sample Four (5 out of 8.5 marks)

(c) The accounting concept relevant to (i) is the accrual concept. [Since the ^{general comments only} accrual concept stated that expenses are recognize as incurred and revenues are recognize as earned.] The loan interest of \$500 should be counted in this financial year 2011. debited in the profit and loss account

Section A – Q.3(a) Sample Five (2.5 out of 8.5 marks)

3ai) $\frac{996000 - 856000}{10186000} \times 12 = 0.16$

— closing trade receivables X

Should be average trade receivables

$\frac{996500}{10186000} \times 12 = 1.17$

∴ The ratio is 1.17; X Should be in months

3aii) Cost of goods sold = $7294500 - 990000 + 878000 = 7182500$

Inventory turnover = $\frac{990000}{7182500} = 0.14$ X

↑ should be in the numerator, → 0

∴ The ratio is 0.14.

Should be in time

Section A – Q.3(b) Sample Five

(2.5 out of 8.5 marks)

3b). (i): DR ~~Prep~~ Accrued ^X 5050. ⁰ **Presentation = 0**
 CR. Loan interest ^X 5050.

(ii). DR Cash.

48000. ✓

DR Accumulates depreciation 40000. ✓

CR Loss in disposal ^X

CR Motor vehicle ^X

8000

80000 ✓

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評
閱

argins will not be marked.

Section A – Q.3(c) Sample Five (2.5 out of 8.5 marks)

30. It belongs to Accrual. ~~Prepaid~~ Under this concept, if the payment is incurred in this accounting period but not ~~the~~ recorded. It should be shown as a current liability.

paid ?? ↓ loan interest \$5050 payable

Section A – Question 3

Overall performance is satisfactory.

Most candidates lost marks in part (a) showing that they are not familiar with ratio calculations.

4. Over the past few decades, computers have been extensively used to perform routine bookkeeping and accountancy work. Justify with three reasons the use of the computerised accounting system as compared with the manual accounting system in a large corporation. (Total: 6 marks)

QUESTION 4

Justifications:

- vast quantities of data can be processed in a shorter time
- accounting data can be retrieved instantly and easily from the system
- reports can be tailored for users of different purposes
- human errors can be minimised

(2 marks for each relevant justification, max. 6 marks)

6

Total: 6 marks

Section A – Q.4 Sample Six (5 out of 6 marks)

4) In a large company, there are lots of transactions. Computer accounting system helps to store large amount of data and can be found out easily when needed within a few seconds while manual accounting cannot. 2

In a large company, there are lots of transactions. Computer accounting system helps to **store large amount of data** and can be **found out easily when needed within a few seconds** while manual accounting cannot.

Section A – Q.4 Sample Six (5 out of 6 marks)

Computerized ^{accounting} ~~computer~~ reduce the chance of making mistake.
As the accounting programme is computerized will avoid mistake
in ~~single~~ ^{singal} entries while manual accounting cannot. //

於邊界以外的答案，略

2

Computerised accounting reduce the chance of making mistake. As the **accounting programme in computer will avoid mistake in singal entries while manual accounting cannot.**

Section A – Q.4 Sample Six (5 out of 6 marks)

The computerized accounting helps to back up information easily. Data can be copied using memory cards and easy to make copies which manual accounting system cannot.

將不予評閱。
arked.

Computerised accounting helps to back up information easily. Data can be copied using memory cards and easy to make copies which manual accounting system cannot.

Retrieve instantly and easily?

Section A – Q.4 Sample Seven

(1 out of 6 marks)

Point 1

4.) Computer is save-time. ~~Records~~ We only need to record the transaction and the remaining work, such as, accounting can be rely on the computer system.

Point 2

Computer is mostly more precise and easy to use, It's ^{minimise human errors??} fast and convenience. ^{same as point 1} ~~the~~ efficiency occurs. It can

Point 3

also help save the labours costs. However, using manual accounting system can avoid the problems of breaking down of computer system.

寫於邊界

↓ disadvantage??
but the capital investment is large

寫於邊界以外

Section A – Question 4

Overall performance is not satisfactory.

HKDSE – BAFS

Practice Paper Briefing Seminar

PAPER 2A

By: Mr. WAN Shiu Kee

Section B – Q.5

5. The following balances as at 31 December 2011 relate to Hing Fat Company:

Suspense account	\$
	?
Sales ledger control account (debit balance)	59 090

Control accounts were kept on a memorandum basis and they did not form part of the double entry system. Subsequent investigation revealed the following:

- (i) All goods were sold at a gross profit margin of 20% in 2011.
- (ii) Total cash sales for 2011 were \$87 520. The sales ledger control account was credited to the sales account as \$85 720.
- (iii) The sales returns day book had been debited to the sales ledger control account as \$12 000.
- (iv) A sales invoice for \$68 900 had been debited to the sales ledger control account as \$68 900.
- (v) Discounts allowed for 2011 were \$12 000. These had been debited to the sales ledger control account as \$12 000.
- (vi) A debt of \$2500 owed by a customer had been debited to the sales ledger control account but the bad debts expense account had been credited with the amount of \$250. No records had been made in the sales ledger control account.
- (vii) In 2011, goods costing \$48 600 were despatched to a customer on a sale or return basis. Hing Fat had been debited to the sales ledger control account as \$48 600.

Students should have comprehensive understanding of accounting processes and high analytical ability

Section

Students should understand the control system clearly in accounting processes

REQUIRED:

- (a) Prepare a sales ledger control account, showing all the necessary adjustments. (7 marks)
- (b) Write up a suspense account. (5 marks)

In a seminar, the bookkeeper of Hing Fat Company learned that certain qualitative characteristics have to be fulfilled in the preparation of financial statements in Hong Kong.

Simple application of accounting knowledge

REQUIRED:

- (c) Explain two principal qualitative characteristics of financial statements. (4 marks)

(Total: 16 marks)

Sample 1 – (a) (2/7)

(a)	Sales ledger	Should be debit balance!
	4	4
Sales	295,450	Bal bid 59,090
Bad debts recovered	2,250	Discounts allowed
Sales undercast	1,800	undercast 400
		Returns inwards 2,160
		Undercast
		Goods retained 19,440
		218,410
		<u>299,500</u>

寫於邊界以外的
2

Misunderstand the question, especially items (ii), (vi) and (vii). Do not understanding the accounting practice for

Sample 1 – (b) (2/5)

(b)		Suspense	
	₹		₹
Cash sales	1,800 ✓	Bal b/d	140
Purchases	900	Discounts allowed	400
		Returns inwards	2,160 ✓
	<u>2,700</u>		<u>2,700</u>

案，將不予評閱。
:ins will not be marked.

2

Misunderstand the question, especially items (iv), (v) and (vi).
Demonstrate elementary knowledge and understanding of
ac

Sample 1 – (c) (2/4)

Demonstrate satisfactory knowledge and understanding of qualitative characteristics of financial statement

...bility. It is because
...ent with the public and
that is helping for the owner to make a correctly decision. X
Also, the financial statement need to have the comparability. X
It is also for the owner to have a foreseeable future of the

Answers written in the margin

Total marks for the whole question is 6/16. Performance for the whole question is fair, especially part (a).

The student did not know how to tackle the most difficult part of the question, that is items (vi) and (vii).

Th

樣本2 - (a) (2/7)

a)

2011年			2011年		
		\$			\$
31/12	承上結餘	59,090	31/12	銷售退回	2,160
31/12	銷售	23,328	31/12	現金	1,800
			31/12	銷售	900
			31/12	銷售折扣	400
			31/12	未帳	2,290
			31/12	銷售退回	29,160
			31/12	結轉下	51,280
					82,418

考生錯誤理解題目，尤其是項目(ii)、(iv)、(vi)及(vii)。
 考生對銷售或退回方式

樣本2 – (b) (1/5)

應為承上結餘

2011年		暫已帳	2011年		
		\$		\$	
31/12	結餘轉下	28,328	31/12	銷貨退回	2,160
			31/12	銷貨折扣	400
			31/12	和帳	2,750
			31/12	銷貨	28,328
		<u>28,138</u>			<u>28,138</u>

考生錯誤理解題目，尤其是項目(v)、(vi)及(vii)

樣本2 - (c) (2/4)

(c) 良好財務報表兩項主要的特質是 ① 真實。因為財務報表裏的數目是虛假，只是公司要會計師製造出來，這樣這事不但不能良好財務報能如實反映出公司的狀況。

② 清楚容易明白。因為財務報表是需要公開給大眾觀看，如果製造的財務報表複雜難懂，大眾是不能明白及認

對良好財務報表的
特質有足夠的認識

本題得分為5/16。考生的整體表現尚可，尤其是(a)部。

該

該

Section B – Q.6

6. Alice, Brian and Clara had been in partnership for 10 years, sharing profits and losses in the ratio of 3:2:1 respectively. The balance sheet as at 31 December 2011 of the partnership was as follows:

	\$		\$
Premises, net	850 000	Capital accounts	
Plant and equipment, net	64 000	– Alice	276 000
Motor vehicles, net	82 100	– Brian	468 000
Inventory	33 600	– Clara	395 000
Trade receivables, net	23 800	Accrued expenses	21 400
Bank	135 500	Trade payables	28 600
	1 189 000		1 189 000

Alice retired from the partnership on 31 December 2011. Brian and Clara were to share profits and losses equally after Alice's retirement. Additional information was provided as follows:

- (i) In recognition of Alice's long service to the partnership, a motor vehicle with a net book value of \$22 000 was to be given to her free of charge and the amount was to be borne equally by Brian and Clara.
- (ii) The premises and the plant and equipment were to be revalued to \$1 400 000 and \$107 000 respectively.
- (iii) The allowance for doubtful debts was to be increased by \$2600 and inventory costing \$2400 was to be written off due to obsolescence.
- (iv) Goodwill was to be valued at \$420 000. No goodwill account was to be maintained in the books.

Section B – Q.6

REQUIRED:

- (a) Prepare
- (1) the revaluation account; (3 marks)
 - (2) the partners' capital accounts, in columnar form, as at 31 December 2011, showing all the adjustments regarding the retirement of Alice; and (5 marks)
 - (3) the balance sheet of Brian and Clara as at 1 January 2012. (5 marks)

After her retirement from the partnership, Alice joined Dali Ltd as the sales director. She believed that her professional knowledge in the industry would bring benefits to the company. Therefore, she suggested valuing her expertise at \$6 000 000 and recognising it in the financial statements as an intangible asset.

REQUIRED:

- (b) With reference to one relevant accounting principles / concepts, briefly explain to Alice whether the amount of \$6 000 000 should be recognised in the financial statements as an intangible asset.
- s)
- s)

Sample 1 – (a)(1) (3/3)

a CD		Revaluation	
	\$		\$
The premises	550 000	Accounts receivable	2600
The plant and equipment	43 000		
<u>Account receivable</u>	2600 ✓	The premises	550 000 ✓
Inventory	2400 ✓	The plant and equipment	43 000 ✓
Capital Gain on revaluation: Alice	294 000	Land	1 000 000
	Brian 196 000		
	Clara 98 000 ✓		
	593 000		593 000

寫於邊界以外的答案，將不...

Demonstrate comprehensive knowledge and

Sample 1 – (a)(2) (4½/5)

(2)			Capital				
	Algo	Brp	Clg		Algo	Brp	Clg
Motor vehicle		11000	11000	Bal b/d	276000	468000	342000
Bank	100000			Goodwill	210000	140000	70000
Loan	880000			Revaluation Gain on revaluation	294000	196000	98000
			793000				
	000	904000	563000		780000	804000	563000
Goodwill		210000	210000	Bal b/d			552000
Bal c/d	594000		342000				563000
	804000		552000		804000		552000

Careless mistake!

793000

904000

Answers written in the margins will not be marked.

4½

Demonstrate comprehensive knowledge and

Sample 1 – (a)(3) (5/5)

Presentation

3. Brain & Clara

Balance sheet as at 1 January 2012

Non-current assets:		
Premises		14 000 ✓
Plant and equipment		107 000 ✓
Motor vehicles		60 100 ✓
		181 100
Current assets:		
Inventory	31 200 ✓	
Account receivable	21 200 ✓	
Bank	20 000 ✓	

21

高於邊界以外的答案，將不予評

Sample 1 – (a)(3) cont'd (5/3)

Less Current liabilities:	
Accruals	(28600) ✓
Account payables	(21400) ✓
Net current assets	37900
Less Non-current liabilities:	
Loan from Alice	(680000) ✓
	<u>425000</u>
Financed by:	
Capital: Brian	594000 ^{1/2}

Answers written in the margins will not be marked.

5

Demonstrate comprehensive knowledge and

U

Sample 1 – (b) (3/3)

b. ~~It is~~ Alice's professional knowledge are
not measurable. According to the money measurable
concept, if the value of assets cannot be measured, it
should not counted as an asset. So she should not
recognise her knowledge as an asset.

高於邊

3

Total marks for the whole question is 16½/16.

Performance for the whole question is very good / excellent.

The student demonstrate comprehensive knowledge and understanding of the concept of measurement of assets.

Sample 2 – (a)(1) (3/3)

6). Revaluation			
inventory	2400 ✓	premises.	55000 ✓
Debtors	2600 ✓	plant and equipment	43000 ✓
<u>Gain on revaluation:</u>			
Alice $\frac{3}{6}$	294000		
Brian $\frac{2}{6}$	196000		
Clara $\frac{1}{6}$	98000 ✓		
	593000 ✓		593000 ✓

寫於邊界以外的答案

3

Demonstrate comprehensive knowledge and
u

Sample 2 – (a)(2) (4/5)

	Capital				Capital		
	Alice	Brian	Clara		Alice	Brian	Clara
motor vehicle	22000	—	—	balance f/d	276000	468000	395000
Alice	—	11000	11000	Brian, claim	22000	—	—
Goodwill	—	210000	210000	Goodwill	210000	140000	70000
bank	100000	—	—	Grp. revaluation	294000	196000	98000
loan	280000	—	—				
balance c/d	—	583000	342000				
	807000	807000	563000		807000	807000	563000

將不予評閱。
written in the margins will not be marked.

4

Demonstrate sound knowledge and understanding

Sample 2 – (a)(3) (5/5)

Presentation: 0 mark

Balance sheet X			
Non-current assets	\$	\$	\$
Premises, net.			140000 ✓
plant and equipment, net			107000 ✓
Motor vehicles, net			60100 ✓
			<u>1567100</u>
Current assets:			
Inventory		31200 ✓	
Debtor	23800		
(less allowance for doubtful account)	(2600)	21200 ✓	
part		26100 ✓	

Improper statement title

寫於邊界以外的答案，將不予一

Sample 2 – (a)(3) (5/5)

less current liability.		
Accrued expense	21400 ✓	
Trade payables	28600 ✓ (50000)	
working capital		37900
		<u>1680500</u>
A non-current liability: <u>long-term loan</u> .		(680000) ✓
		925000 ✓
Capital: Brian		583000
Clara		342000 ✓
		<u>950000</u>

Answers written in the margins will not be marked.

5

Demonstrate comprehensive knowledge and understanding

Sample 2 – (b) (3/3)

According to the Money measurement concept, all transaction should be stated in terms of money. Since professional knowledge is ~~not~~ a subjective, it cannot be measured and valued in terms of money. As a result, the amount of \$6000000 shall not be recognised in the financial

寫於邊界以外的答案，將不

Demonstrate comprehensive knowledge and

Total marks for the whole question is 15/16.

Performance for the whole question is very good.

The student demonstrate comprehensive knowledge and understanding of accounting processes in the treatment of

Section C – Q.9

9.

Use of accounting ratio to ascertain the balance of retained profits as at 31 December 2010

(i) The ratio of total non-current liability to total equity (based on the year end balances) as at

Use of accounting ratio to ascertain the balances of trade receivables and trade payables as at 31.12.2011

(iii) All sales and purchases were made on credit and were evenly spread throughout the year. In 2010 and 2011, the collection period of trade receivables was maintained at 1 month, while the settlement period of trade payables was maintained at 3 months.

(iv) Closing inventory as at 31 December 2010 and 2011 was valued at \$500 000 and \$1 100 000 respectively.

(v) Selling and distribution expenses of \$645 000 incurred in 2011 were fully paid.

Section C – Q.9

Use of accounting ratio to ascertain the amount of the new bank loan.

- (vii) In order to finance the expansion of the business, the company further issued 1 000 000 ordinary shares at \$5 per share on 1 January 2011 and obtained a five-year bank loan with an interest rate of 4% per annum on the same date. The ratio of total non-current liability to total equity decreased to 1:5 immediately after the issuance of shares and the acquisition of the bank loan. The interests on all the bank loans incurred in 2011 were duly paid and properly recorded.

Implied that the amount of bank balance will be the balancing figure of the balance sheet.

- (ix) All transactions were made through the bank account of the business. On 31 December 2011, there was no cash in hand while the bank account showed a debit balance.

Section C – Q.9

Students should have comprehensive knowledge and understanding of accounting ratios and financial statements

REQUIRED:

- (a) Prepare the following financial statements for BC Ltd for the year ended 31 December 2011:
- (1) the income statement for the year ended 31 December 2011; and (6 marks)
 - (2) the statement of financial position as at 31 December 2011. (10 marks)
- (b) As compared with 2010, many of the financial ratios of BC Ltd in 2011 had improved. Therefore, the Chief Executive Officer (CEO) of the company concluded that the performance of BC Ltd in 2011 was better. Give two reasons why the CEO's conclusion might be incorrect. Explain your answers. (4 marks)
- (Total: 20 marks)

Limitations of ratios analysis

Sample 1 – (a)(1) (4½/6)

a(1) Income statement for the year ended 31 December 2011

	\$	\$
Sales		3,600,000
less: Cost of good sold		
add: Opening inventory	500,000	
add: Purchase	2,400,000	
	<u>2,900,000</u>	
less: Closing inventory	<u>(1,100,000)</u>	<u>(1,800,000)</u>
Gross profit		1,800,000
less: expense		
selling and distribution expenses	645,000	
Administrative expense	270,000	
depreication: equipment	180,000	(1,095,000)

寫於邊界以外的答案，將不予評閱。
will not be marked.

4½
½

Demonstrate sound knowledge and understanding

Sample 1 – (a)(2) (7/10)

a(2)

Statement of financial position as at 31 December 2011

Non-current asset	Cost	Accumulated depreciation	\$
Equipment	1,020,000	(300,000)	720,000 ²
Current asset			
Inventory		1,100,000 ✓	
Bank		3,200,000 ✓	
debtor		300,000 ✓	
		11,610,000	

寫於邊界以外的答案，將不

Sample 1 – (a)(2) (7/10)

Account	Amount
Creditors	
Accrued expenses	
Capital	
Ordinary shares	
Retained profits	

Handwritten notes on the right side of the table: 3975000, 4695000, and a note that says 'ns will not be marked.'

Do not realised that this was the 2nd year's operation and thus there should be an opening balance of retained profits

Heading omitted

Could not use the ratio of non-current liabilities to total equity to calculate the amount of the new bank loan

Demonstrate adequate knowledge and understanding

Sample 1 – (b) (0/4)

(b) Compared with 2010, the performance of BC Ltd in 2011 was ~~worst~~. It is because the ratio of total non-current liability to total equity increase. This ratio should be ~~smaller~~ smaller as possible as have a good performance. X

寫於邊 0

Total marks for the whole question is 12/20.
Performance for the whole question is satisfactory.
The student demonstrate sound knowledge and understanding of preparing financial statements from accounting ratios and incomplete records.

Th
an

樣本2 - (a)(1) (6/6)

不恰當的報表標題

彼詩有限公司
損益表截至 2011年 12月 31日

	\$	\$
銷貨		3600000
減 銷貨成本		
期初存貨	500000	
加 購貨	2400000	
	2900000	
減 期末存貨	1100000	1800000
毛利		1800000
減 費用		
銷售和分銷費用	643000	
其他費用	270000	

考生展示對從不完整記錄編製損益表

6

樣本2 - (a)(2) (6½/10)

彼雷有限公司				
財務狀況表 2011年12月31日				
		\$	\$	\$
非流動資產				
撥備 ($420000 \times 80\% + 480000 \times 80\%$)				720000
流動資產				
存貨		110000	✓	
應收帳款		300000	=	
銀行存款		7283000		
		8683000		
減流動負債				
應計行政費用		90000	✓	
應付帳款		600000		
流動資產減流動負債				

樣本2 - (a)(2) (6½/10)

股本	1000000		
	1000000		
儲備			
留存盈餘		2000000	
		3000000	
		7000000	½
		613000	
非流動負債			
4年 6% 銀行貸款		1000000	
5年 4% 銀行貸款		800000	
			6½

考生忘記此為該公司第二年運作，應將第一年的留存利潤加本年度盈利得出第二年底的留存利潤餘額。

考生展示對從不完整記錄編製財務狀

樣本2 – (b) (0/4)

96 2010年度為彼請公司成立的第1年，所需的投資成本較11年高。X

考生不理解題目的要求，未能舉出行政總裁所作的結論可能不正確的原因。

本題得分為13/20。考生的整體表現令人滿意。

考生展示對運用會計比率及從不完整記錄編

END OF THIS PART



HKDSE – BAFS

**Practice Paper
Briefing Seminar**

PAPER 2A

By: Mr. CHAN Yee Wan

Section B – Question 7

REQUIRED:

- (a) Prepare an overhead analysis sheet to calculate the predetermined overhead absorption rate for each of the production departments. (7 marks)

REQUIRED:

- (b) Calculate the production cost per unit of Product H. (5 marks)

- (c) If the actual manufacturing overheads and the actual direct labour hours of department A in 2012 are \$560 800 and 28 300 hours respectively,

- (1) calculate the amount of manufacturing overheads over / under absorbed by department A in 2012; and (2 marks)

- (2) give two reasons to explain why the use of the predetermined manufacturing overheads absorption rate is preferred to the use of the absorption rate based on actual data when calculating product cost. (4 marks)

(Total: 18 marks)

Q.7 – Sample 1 (a) (7/7)

<u>Overhead analysis sheet</u>				
a)	\$	\$	\$	\$
	A	B	X	Y
allocated overhead	272500	211500	65000	50000
apportioned overhead	140000	120000	60000	80000
overhead of service X reappointed	75000	50000	/	/
overhead bal'd	487500	381500		130000
overhead of service Y reappointed	39000	91000	/	/
	<u>526500</u>	<u>472500</u>	0	0
<u>direct labour hours</u>	27000			
<u>direct machine hours</u>		9000		
overhead absorption rate	19.5	52.5		
	19.5	52.5		

Q.7 – Sample 1 (b) & (c)(1) (7/7)

Manufacturing cost sheet

	\$
direct materials	46 //
direct labour	38.75 //
overhead	9.75 //
	8.75 //
	<u>103.25</u> //

Demonstrate comprehensive knowledge in overhead accounting. Apply relevant knowledge in calculation and report of production cost

The budgeted overhead is

1) $560800 - 551850 = 8950$

✓

Q.7 – Sample 1 (c)(2) (2/4)

Show basic understanding of the use of predetermined overhead rate.

2) If ~~the~~ actual data is not known until the year financial period ended, ~~to make a budget~~ evaluate the cost of production, predetermined manufacturing overhead absorption rate is better. Also, the ~~company~~ company need to make decision during the years if it is using actual data, the company would have no resource on cost to make decision. //

Q.7 – Sample 2 (a) (6/7)

a)

T Ltd

sheet

	B \$	X \$	Y \$
	211500	65000	50000
	12000	66000	80000
	412500	223500	130000
Department X	75000	50000	(125000)
Department Y	39000	91000	(130000)
After apportionment overhead	526500	364500	—

Demonstrate sound understanding of calculation of POAR, however, with careless mistake.

predetermined overhead absorption rate of Department A

$$= \frac{526500}{50 \times 45 \times 12} = \$19.5 \text{ per direct labour hour}$$

predetermined overhead absorption rate of Department B

Q.7 – Sample 2 (b) & (c)(1) (4/7)

b) Direct materials : Department A	\$ 18000 /
Department B.	9600 /
	23250 /
	50850
	600
	<u>84.75</u>

Not able to differentiate prime cost and production cost. Good understanding of the calculation of over/under absorption of overheads.

Overheads ?

$$\begin{aligned} \text{① absorbed manufacturing overhead of Department A} \\ &= \$19.5 \times 28300 \\ &= \$ 551850 \end{aligned}$$

$$\therefore \text{Under-absorbed} = \$560800 - \$551850$$

Q.7 – Sample 2 (c)(2) (0/4)

Not a valid answer.

② First, it can reduce the loss of production. It is because the predetermined labour hour is determined base on the history records of the firm and it can help determine the actual consumption of that year. Second,

Q.7 – Sample 3 (a) (2/7)

Demonstrate elementary knowledge in overhead allocation to departments. Not able to finish / calculate the POAR

a)

間接成本費用分析單

	生產部A	生產部B	服務部門X	服務部門Y
餘下預算製造間接費用	140 000	120 000	60 000	80 000
製造間接費用	272 500	211 500	65 000	50 000
	412 500	331 500	125 000	130 000

Q.7 – Sample 3 (b) & (c)(1) (1/7)

Demonstrate limited knowledge in calculation of production cost and no attempt in calculation of over / under absorption of overheads.

b) H 的生產成本。

$$= (3 \times 10) + (8 \times 2) + \left(\frac{60}{50} \times 30\right) + \left(\frac{60}{50} \times (60 \times 0.25)\right) + ($$

$$= \underline{30} + 16 + 36 + 18 +$$

Q.7 – Sample 3 (c)(2) (0/4)

Not a valid answer.

c) 2)

令較容易計算

X

Section C – Question 8

REQUIRED:

(a) Calculate the following items for the month of December 2012:

- (1) the breakeven volume (in units) (3 marks)
- (2) the margin of safety (in sales dollars) (2 marks)

REQUIRED:

- (b) What are 'opportunity cost' and 'sunk cost' respectively? Illustrate the meaning of each cost with an example from the information provided above. (4 marks)
- (c) If Hilary Ltd spends an additional \$12 000 per annum on advertising and at the same time reduces the selling price of FS2 and FS4 by 10%, the expected monthly sales volume for FS2 will be increased from 80 000 to 100 000 units, while FS4 will be increased from 15 000 to 18 750 units. Assuming the company does not keep any opening and closing inventories for budgeted purposes, explain to the management whether the additional spending on advertising, together with the selling price reduction, should be introduced starting from 1 January 2013. (Ignore the time value of money.) (6 marks)
- (d) If Hilary Ltd decides to spare more resources to explore new market potential and therefore will

Q.8 – Sample 1 (a) & (b) (9/9)

(a) 1 the break

Demonstrate comprehensive knowledge in different types of cost in decision making and the concept of breakeven and its application.

8840

(2) Margin

$$(80000 - 31800) \times 30$$

$$= \underline{\underline{1446000}}$$

(b) opportunity cost is the cost that ~~that~~ is the highest value option to be chosen when making decision. For example, the sublet to outsiders which cost \$2000 per month. If the company ~~at~~ use the place for £5.4. Then, the rental income should be treated as opportunity cost ✓ Sunk cost is the cost which is irrelevant to the decision. For

Q.8 – Sample 1 (c) (6/6)

5) original: the net profit earned by FS2 is \$665160
 the net profit earned by FS4. (ie. $13.8 \times 80000 - 280000$
 $- 158840$)

Selling Selling price	60	Net profit	$843960 - 5000$
production cost	15	<u>$(40 \times 15000) - 100000$</u>	4×12
sale commission	5	$= \$481480$	
unit contribution	40		
Total profit $481480 + 665160 = \$1146640$			

Q.8 – Sample 1 (d) (4/5)

Good application of management knowledge to unfamiliar situation to make decision.

d)

FS2:

$$L + NP = 0$$

$$\text{For FS2: } 10000 \times 1318 - (287000 + 158840) \\ = -300840$$

For FS4 ~~unit~~ be the unit to break even.

$$\text{For } 40u = 100000 + \frac{893960 - 5000}{4 \times 12} + 300840$$

$$40u = 419360$$

$$u = 10484$$

FS4 need to produce at least 10484 unit to break even.

Q.8 – Sample 2 (a) & (b) (5/9)

$$a) \rightarrow \text{break even units} = \frac{28000 + 108840}{13.8}$$

$$= \underline{3180.02 \text{ units}}$$

Demonstrate adequate knowledge in different types of cost in decision making and the concept of breakeven and its application.

For example, the ~~total~~ office area's opportunity cost is \$20 per month when put aside from a room (iv) should cost one cept that variable is unitary decrease. For example, the fixed production overheads, it is fixed no matter how the output change, so if

Q.8 – Sample 2 (c) (5/6)

Sound knowledge and understanding of management accounting and good presentation in evaluation of the proposed change.

	original	new plan
c) Sales is increased	/	<u>412500</u>
Fixed cost increased	/	(12000) X
Variable cost increased by £32	/	<u>(324000)</u>
Var out inc. by £54	/	<u>(75000)</u>
Profit increased	///	<u>1500</u>

∴ The new plan should be introduced as the profit will increase by \$1500 //

Q.8 – Sample 2 (d) (2.5/5)

d) The loss when selling 10 000 units of F52

$$= 10000 (30 - 16.2) - 28000 - 108840$$

Able to apply basic management knowledge to unfamiliar situation to make decision.

be at least \$ 300840

∴ The monthly sales revenue of F54 should be

$$\frac{100000 + 300840}{40}$$

$$= 10021 \text{ units } \#$$

Q.8 – Sample 3 (a) & (b) (3/9)

Demonstrate elementary knowledge in calculation of contribution per unit.

1) break even volume

$$\frac{\$ 280000 + \$ 158340}{1/2} = 438340$$

$$\frac{(\$ 290000 - 73400 - 28000) \div 80000}{1/2} = 16.7$$

$$\text{i.e. } 30 - 9.8 - 3.5 = 26.7 \text{ units}$$

i) margin of safety (in sale dollars)

Contribution margin ratio:

$$\frac{\text{Unit contribution margin}}{\text{Unit selling price}} = \frac{16.7}{240000 \div 8000} = 0.5611$$

Break-even volume (in sale dollars)

$$= \frac{\$433340}{0.5611} = \$7738335$$

Not able to calculate the margin of safety (not considering the breakeven in unit).

margin of safety (in sale dollars)

$$= \frac{1}{2} (\$2400000 - \$7738335)$$

Demonstrate elementary knowledge and understanding different types of costs in decision making.

Opportunity cost of this case is the highest value option forgone. The opportunity cost of this case is the production of FS 2. It is because the development of FS 4 may cut the production budget of FS 2. So the opportunity cost of developing FS 4 is the production of FS 2.

Sunk cost is the cost that will not affect the decision making. It is the historical cost. In the case, the management ~~is~~ ~~the~~ ~~company~~ consultancy firm cost is the sunk cost.

Q.8 – Sample 3 (c) (0/6)

FSZ

	\$	\$
Sales (10000 x \$30 x 90%)		270000
Direct material (78400 + 80000 x 10000)	178000	
Direct labour (28000 + 80000 x 10000)	35000	
Designer fees (12000 + 80000 x 10000)	15000	
Fixed production overheads	28000	(176000)
Gross profit		94000
Fixed administrative expense	158840	
Sale commission (112000 + 80000 x 10000)	170000	
advertising	12000	(305840)
Net profit		<u>629160</u>

FS4

Not able to identify and analyze information in making business decision

introduced	not	
\$	\$	
112500	(60 x 15000)	90000
(81250)	(\$15 x 15000)	(225000)
(93750)	(\$5 x 15000)	(75000)
12000		-
<u>73800</u>		<u>60000</u>

advertising
Net profit

The introduction of new policy can increase the profit of

FS4 by \$118000

So the company should introduce it to FS4, but not

FS3

Q.8 – Sample 3 (d) (0/5)

Unit selling price : \$60

Sales volume : \$600000

Not able to identify the situation and give answer.

$$\begin{aligned} \$60 - \$15 \\ = \$45 \end{aligned}$$

break even : $\frac{\quad}{45}$

END OF THIS PART



Business Management Module

Paper 2B



Business, Accounting and Financial Studies

*Paper 2B Practice Papers
Briefing Session*

Short Questions

		Related Topic
Question 1	Debt Financing	Financial Management
Question 2	Ratio Analysis	Financial Management
Question 3	Recruitment channels	Human Management
Question 4	Consumer Protection measures	Marketing Management
Question 5	Consumer market VS business market	Marketing Management
Question 6	Conciliation VS Arbitration	Human Management

Part A : Short Questions

- * Question 1 (Financial Management)
- * Explain two advantages of debt financing? (4 marks)
- * **This question aims to test if the candidates can provide the advantages of debt financing from the company's point of view.**


Marking Criteria

- * **One mark will be given for the correct idea.**
- * **Another mark will be awarded for clear explanation.**

General Performance Of Question No.1

- * **Fair**
- * **Most candidates understand the differences between 'debt financing' and 'equity financing'.**
- * **However, some of them tried to give answers about the characteristics of debt financing rather than the advantages of it.**

Question 1(Sample Script)

1, 首先, 。舉債融資不需要公司
解抵押或出售資產。舉債融資以負債形式獲得金錢,
只要定期償還債項,債權人沒有能力影响到公司的
運作。✓

其次, 利息支出是可預算的。利息的支出被規定了也
來,不論公司盈利如何和經濟轉變如何,利息都都不會存
合約到期前作出任何更改,公司可以清楚監控該筆支
出,有助財務預算,務留資金償還短期債務。0

Question 1(Sample Script)

Start each question on a new page.

2
The first advantage is that the company can [redacted] [redacted]. Using debt financing, capital is raised from external stakeholders. They will not be able to take part in the decision-making process of the company. But for equity financing, newly admitted partner may take control over the company.

0
The second advantage is that there is more choice of fund to choose from. The company can either issue bonds and shares, borrow loans from bank or ask for trade credits from creditors and many other means. But for equity financing, it is either the owner contribute more capital or by the admission of new partners.

not be marked.

will not be marked.

Part A : Short Questions

- * Question 2 (Financial Management)

- * List two activity ratios and state what aspects of management efficiency each of them measures.

(4 marks)

- * This question aims to test if the students know the use of the activity ratios and the aspects they related to management efficiency.

Marking Criteria

- * **One mark will be given for correct ratio name.**
- * **Another mark will be awarded for the correct description.**

General Performance of Question

- * **Poor**
- * **Many candidates left the question unanswered.**
- * **Some candidates confused about the ratios and gave answers which were not under the category of activity ratio.**

Question 2 (Sample Script)

2. 首先實際作業方面有純利率和速動比率。

純利率 = $\frac{\text{純利}}{\text{銷貨}}$ ，用以量度公司的盈利能力。數字愈高，代表賺取利潤的能力愈高。 0

其次是速動比率 ($\frac{\text{流動資產}-\text{存貨}}{\text{流動負債}}$)，用以量度公司扣除存貨後償還短期債務的能力，比例愈高，即償還短期債務的能力愈高。 0

Question 2 (Sample Script)

Start each question on a new page.

2. Interest turnover. It measures the interest ~~paid~~ whether effectively generate the profit. It measures whether the cost use effectively. Moreover, the [redacted] ✓ It measures whether the total assets used can effectively generate the profit.

0
|

Short Questions

- * Question 3 (HR Management)
- * List four commonly used channels for external recruitment. (4 marks)
- * This question aims to test if the candidates are able to state four channels of external recruitment.

Marking Criteria

- * **One mark will be awarded for clearly state the channel.**

General Performance Of Question No

***Good**

***The majority of candidates were able to state the channels clearly.**

Question 3 (Sample Script)

3. First, the [redacted] ✓ on mass media channel.

The company can play the advertisement in TV or post it in newspapers.

Second, the [redacted] ✓ the company can post the recruitment news in job fairs and join it to search large amount of applicants.

Third, the [redacted] ✓ the Labour Department.

The company can find the suitable applicant through the agency.

Fourth, the [redacted] ✓ the [redacted] e.g. job hunter.

Question No. 3 (Sample Script)

3) ~~大型招聘会~~, ~~报纸刊登广告~~, (网上刊登广告) 及 ~~通过网络~~
招聘 均是常用的对外招募途径。 R } }

Short Questions

- * Question 4 (Marketing Management)
- * Outline three types of consumer protection measures in Hong Kong. (6 marks)
- * **This question aims to examine if the candidates are able to give the correct types of consumer protection measures in HK.**

Marking Criteria

- *One mark will be given for the correct idea. Another mark will be given for clear explanation.**

General Performance Of Question No

* **Poor**

* **Many candidates did not understand the meaning of 'measures'. They only outlined the consumer rights which are incorrect.**

Question 4 (Sample Script)

4. Consumers in Hong Kong has right to choose. They are provided variety of products to choose ~~which~~ ⁱⁿ are fair and competitive price, and good quality. 0

Consumers in Hong Kong has right to inform. They are provided with sufficient information search such as ~~the~~ origin of product, the ingredients of product etc. 0

Consumers in Hong Kong has right to safety. They are provided with safety products and services. If they ~~consume~~ purchase the products which contain dangerous ~~substances~~ to the

0 human life, they have right to sue ~~the~~ companies.

Question 4 (Sample Script)

4. 第一个措施是提供消费者委员会来保障消费者的权益。若果消费者在任何的企業裏遇到不公平的事件或產品有問題的時 間，消費者可以 [redacted]，讓消費者能得到公平和合理的解釋。

第二个保障措 施是消費者能夠得到產品的知情權，例如產品的生產地、成份等。這些產品的資源都要列出來以供消費者了解和知道。另外，消費者亦可以問店員詢問更加有關產品的資訊。

第三个保障措 施是消費者能夠得到 安全保障的權利。如果消費者食用某種食品過後感到不適，消費者有權跟餐廳或公司追討賠償或以法律的途徑去 仲裁。

Short Questions

- * Question 5 (Marketing Management)
- * Describe three differences between a consumer market and a business market.
(6 marks)
- * This question aims to test if the candidates can distinguish a consumer market from a business market.

Marking Criteria

- * **2 marks will be given for a complete pair with clear description.**
- * **If comparison is not found, max. 1 mark will be awarded for each difference.**

General Performance Of Question No

- * **Good**
- * **Most candidates were able to state the differences clearly.**
- * **Minority of them stated the differences of their marketing mix strategies (4P)**

Question 5 (Sample Script)

5) 第一項不同之處是 **購買目的**。個人消費市場一般購買貨品是滿足他自己的需求。而商業消費市場購買產品是為了滿足因生產需要而購買，會有進一步生產用途。

第二項不同之處是 **購買決策**。個人消費市場決策是個人決策，因為涉及金錢、時間等。相反，商業消費市場的決策是組織決策，而且經過討論來找出最合理的價格，所以，時間更長。

第三項不同之處是 **購買數量**。個人消費市場由於滿足個人目的，不會購買大量貨品。相反，商業消費市場由於需要用作生產用途，會購買大量貨品，以防止因不穩定而停止生產。

Question 5 (Sample Script)

✓
2 J./ First, ~~the number of buyers~~ involved of consumer market usually more ~~than~~ ✓ than business market.

2 Second, ~~the size of purchases~~ of business market usually larger ~~than~~ ✓ than consumer because for business use.

2 Third, ~~the number of buyers~~ of business market usually take longer time and more ~~than~~ ✓ complexity than consumer market because business market involve more people.

Fourth, the price - sensitivity of consumer market is larger than business market because business market is use the business resource. ~~of the~~ ✓

Short Questions

- * Question 6 (Human Resources Management)
- * Conciliation and arbitration are commonly used in resolving labour disputes. Outline three differences between them.(6 marks)
- * **This questions aims to test the candidates understanding of the function of conciliation and arbitration.**

Marking Criteria

- * **2 marks will be given for a complete pair with clear description.**
- * **If comparison is not found, max. 1 mark (instead of 2 marks) will be awarded for each difference.**

General Performance of Question

- * **Fair**
- * **Quite a number of candidates did not have an in-depth understanding about the conciliation and arbitration.**
- * **In general, candidates were unable to give three differences between the two.**

Question 6 (Sample Script)

Start each question on a new page.

Conciliation are ~~not~~ ~~law binding~~ ✓ but arbitration is, the employees and employers can still take legal action and don't follow the ~~stare decisis~~ ~~agreement~~ agreement between them. But ~~the~~ both parties must follow the judgment of the arbitration as it is ~~law binding~~ ✓.

In conciliation, the conciliator only ~~having~~ ~~one~~ ~~parties~~ ~~to~~ ~~exchange~~ ~~their~~ ~~views~~. But the ~~arbitrator~~ arbitrator will ~~submit~~ ~~to~~ ~~submit~~ ~~the~~ ~~views~~ ~~of~~ ~~both~~ ~~parties~~ ~~and~~ ~~make~~ ~~the~~ ~~final~~ ~~decision~~. ✓
The role of the conciliator and arbitrator are different. ✓

After conciliation, the both parties can take legal action as last means, but after arbitration, the parties cannot do so as law judgement has already been made. The afterwards action are different.

(There will be communication between the two parties as conciliation aims to use mutual two way communication to solve the problem. But for arbitration, both parties only present their ideas evidence and argument without two-way communication.

rs written in the margins will not be marked.

2

2

0

Question 6 (Sample Script)

6, 首先中間人的權力不同。調解者只能使雙方達成協議, 但仲裁者則有權力作出判決, 相反仲裁者被予以權力作出判決, 雙方需跟著判決, 不能有所異議。

其次是解決方法。調解是以雙方同意的方法進行解決, 通常是一個雙贏的局面。但仲裁是由第三者判定, 有機會不是雙方都同意, 甚至偏重一方利益, 有機會出現不滿意 判決的情況。

最後是節省兩方金錢的機會。調解中雙方能以溝通, 透過交流共同訂立雙方滿意的條件。但仲裁中, 雙方只會對仲裁性表達自由所持的理據如何, 不會 對其表達。沒有溝通下讓仲裁者判決。

The End
Thank You For Your Attention.



HKDSE Business, Accounting and Financial Studies (BAFS)

Briefing Session on Practice Paper

Case Study (Q7 & Q8)

S L Chau
February 2012



Case Study

These two case studies aim to test candidates' ability to:

- (1) apply their **knowledge** and **understanding** of different areas of business to familiar and novel situations
- (2) analyse, synthesize and evaluate information in the **context** of business decisions, taking into account the integrated and dynamic nature of business problems



Question 7

- (a) Describe two advantages of Daisy's practice of making all the major decisions of Moon Flower by herself. (4 marks)
- (b) Explain why the front-line employees of Moon Flower feel dissatisfied with reference to:
- (1) Maslow's Hierarchy of Needs Theory (4 marks)
 - (2) McGregor's Theory X and Theory Y (4 marks)
- (c) Suggest two measures by which the situation of lack of coordination among Moon Flower's employees can be improved. (4 marks)
- (d) Describe the steps in manpower planning that Daisy should follow. (8 marks)
- (e) Apart from the SME Development Fund, list two other sources of funds for Moon Flower's operations and expansion. (2 marks)

(Total: 26 marks)



Question 7

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- **Organizational structure:**
 - **Centralization (a)**
 - **Coordination (c)**
- **HRM:**
 - **Motivation (b)**
 - **Manpower planning (d)**
- **Finance:**
 - **Source of fund (e)**



Question 7a. (Sample Script)

Able to explain the advantages of centralized decision making such as **pt. control:**

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7a) First advantage is that she can make better decisions as she knows all the working process, direction of decision and mission and vision of the firm. As she makes all the major decisions, she can better coordinate different decision, avoiding overlap, and make decision by considering factors from internal and external perspectives.

Second advantage is that she can avoid decision-making mistake made by inexperienced workers, hence avoid financial loss due to failure decision and



Question 7a. (Sample Script) cont.

Besides, Daisy can have higher control over the company when she makes all major decisions by herself as her decision will not be affected by others before it is made.



Question 7a. (Sample Script) cont.

- **State invalid and irrelevant points such as *faster and better decision making ...***

First, it can facilitate the decision-making process. As decision only made by her own no consensus need to be reached with others, less time are required and, the instant decision can be made.

Next, it can avoid disputes regarding the decision-making. As deciding by herself will not have disagreements of others during the process, it can more flexible to reach a decision.



Question 7a. (Sample Script) cont.

First, the decision-making process can be very fast compared to make all the decisions by a group of people. It is because she can make all the decisions by herself and no conflicts on different views.

Second, it can save cost. It is because the decision making process is very fast, the company can work on the decision immediately without delay. If there is delay in making decision by a group of people, the company may face loss due to slow response.



Question 7b. (Sample Script)

Clearly state the context with referen
to Maslow's hierarchy of needs and
Theory X & Y

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In this case, company fails to satisfy the (psychological) need of employees. As they complaint about the underpayment, it affect their ability to satisfy the basic needs and even fail to afford a living and it shows that the company can't fulfil their lower-end need through the monetary reward.



Question 7b. (Sample Script) cont'd

Clearly state the context with reference to Maslow's hierarchy of needs and Theory X & Y

7b2) The McGregor's Theory suggests that the employees belongs to either the Theory X and Theory Y with different characters and needs. In this case, if employees belongs Theory X, they can't be satisfied. They are not only working for money but self-motivated. As they need to closely follow manager's orders, they fail to have autonomy and authority in making decision which dissatisfied them.

2



Question 7b. (Sample Script) cont

1d(2) Front-line employees feel dissatisfied may be because they are a kind of Theory X workers. Theory X workers don't ^{like} work, and can be motivated by monetary reward. However, they are required to work overtime and only receive ^{lower} overtime payment when compared to the industry average. Besides, their workload increases but they are tired of working. Therefore, dissatisfaction arises.

2



Question 7b. (Sample Script) cont'd.

Explanation of needs are incorrect or not
up with Dual-factor theory

ab) The front-line employees of Moon Flower feel dissatisfied, with reference to Maslow's Hierarchy of Needs Theory, their psychological need has not been satisfied. Although they are given a basic salary, their salary are still underpayment compared to the industry average. Moreover, the safety and security needs, their working condition is bad, ^{overwork load} come to office early in the morning and leave late at night. They feel dissatisfied with the insalubrious condition problem.



Question 7b. (Sample Script) cont'd

Explanation of needs are incorrect or up with Dual-factor theory

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(2) the front-line employees of Moon Flower feel dissatisfied, with reference to McGregor's theory X and Theory Y. They are not dissatisfied, but they are not satisfied.

Firstly, they were paid with a basic salary. It is just fulfill their hygiene factor; with the motivation factor, company should increase their



Question 7c. (Sample Script)

Able to suggest some measures to improve **coordination**

c) First, the company can take the means to facilitate the communication. For example, having the regular meeting with staffs and communicate through Intranet. All these can make sure all employees be more effectively coordinated and cooperated easily.

2 c) 滿月花的員工協調不足，可以多開會議，令員工之間有所交流，以減少工作延誤類型的發生。同時，員工之間協調不足，可以透過溝通，讓員工之間明白對方，以改善協調不足的問題出現。



Question 7c. (Sample Script) cont

Not understand the meaning of **coordination** – **irrelevant measures**

7c) First, the firm can carry out performance appraisal in so as to identify weakness of the employees and cause of poor coordination. By knowing what problem the employees are facing and what hinder the efficient coordination, the managers can better direct and provide instruction and guideline for its employees to work in a coordination manner.

Second, the firm can offer training and development programmes to the employees ^{so} as to modify, improve the skills and knowledge of how to coordinate work with others and hence improve the situation.



Question 7d. (Sample Script)

Steps are clearly explained

Third, she needs to forecast the future manpower need and demand. By the process, she can better understand the kind and number of employee the firm need in order to carry out production and works. Hence, facilitate the recruitment and selection process. 2



Question 7d. (Sample Script) cont

Steps are clearly explained

d) By the manpower planning, the owner Daisy should review the current manpower situation among the company first such as pointing out the human resource problems inside the company like overpaid or underpaid or too much staff.

Next, Daisy need to forecast the need of the company in terms of manpower in the future. Therefore, Daisy can decide different follow up actions afterwards as she understand the demand of manpower in the future. In this case, the demand is high.

寫於邊界以外的答案，將不

2



Question 7d. (Sample Script) con

Steps are clearly explained

Third step for Daisy will be considering the supply of manpower from internal and external. In this case, Daisy do not have enough manpower so that the employees working overtime always due to the ~~too~~ heavy workload. So the supply from internal is impossible and Daisy need to seek for the extra manpower like ~~a~~ newly employment or outsourcing to fulfill the future demand.

Last step will be Carrying out the action plan for the human resource planning with concrete actions like making employment through the newspaper. So that when there are actions plans come out the ~~a~~ manager can have some plan to follow in the coming future.

予評閱。
written in the margins will not be marked.

2



Question 7d. (Sample Script) Contd.

Confusing and unsystematic steps

7d) The first step is to assess the company's current manpower situation. For instance, Daisy should assess the problems on the company's human resources management and the development of company in the future.

consider

The second step is to analyse the company's current labour demand. Daisy should have research on how many workers the Moon Flower need in order to avoid the workload of employees become heavy.

The third step is to analyse the current market's labour supply. Daisy should analyse how many labour supply in the market should be hired and see if there are any unemployed people suitable for this job in Moon Flower.

The last step is to develop an action plan to deal with labour shortage in order to adopt measure like having external recruitment by



Question 7e. (Sample Script)

Clearly state the other sources of funds.

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The company can borrow from the bank loans by pledging the assets as security.

Also, it can invite new partners to join and provide source of capital for expansion.



Question 7e. (Sample Script) cont.

Repeat the SME fund, not read the content and question carefully

7)e) SME Trade Fund. X

e.) Moonflower can choose to apply the ~~SME~~ Loan Guarantee Scheme or Export Marketing Fund if she consider to expand outside the country.

二案，將不予評閱

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Question 8

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- (a) With reference to the concept of the product life cycle, state four characteristics of the market for the 4D portable electronic game device. (4 marks)
- (b) Ignoring any tax implications, calculate (1) the payback period and (2) the net present value of the low-priced version of the 4D portable electronic game device. Show your workings. (4 marks)
- (c) Give three reasons to explain why Century Group should launch the low-priced version of the 4D portable electronic game device. (6 marks)
- (d) Suggest the appropriate marketing mix strategies for the low-priced version of the 4D portable electronic game device. (8 marks)
- (e) For (1) raw materials and (2) wages, suggest a reason for each to explain why there was a variance between the actual spending and the budgeted spending of Century Group in the last financial year. (2 marks)

(Total: 24 marks)



Question 8

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- **Marketing:**
 - **Product life cycle (a)**
 - **Marketing mix (d)**
- **Finance:**
 - **Capital budgeting and the decision (b) & (c)**
 - **Budget variance (e)**



Question 8a. (Sample Script)

Clearly state the 4 characteristics of

First, is the level of customers. Since it's the introductory stage, only the innovative customers or those who are willing to have a trial buying will consume the products. So the customers would be low.

Second, is the profit it gained. Since many promotion fees are needed to sell new product, the profit earned may not enough to cover the cost which may caused the negative profit.

Third, is the competitors. Since the product is newly launched, not many competitors are there as it's the innovative one without others producing before.

Fourth, is the sales. As the consumers' level is low, the sales volume would be low.



Question 8a. (Sample Script) Com

Wrongly list the 4 stages of PLC instead of the 4 characteristics

8a. 循序漸進, 成熟期長, 回本期短, 衰退期慢

P) a. As the 4D portable electronic game device is in the introductory stage, the competitors in the market is relatively small.

(amount of)

Also, the market size is unknown and therefore there is much potential for market growth.

Also, during the growing stage, the promotion of the product becomes more intense, with the aim of increasing public awareness of the market.

Profits started to increase as the research and development cost



Question 8b. (Sample Script)

Correct calculation with workings

b. (1) Payback period

$$= 1 + \frac{70-30}{50}$$
$$= 1.8 \text{ years}$$

(2) Net present value

$$= \$ \left[70 + \frac{30}{1.1} + \frac{50}{1.1^2} + \frac{80}{1.1^3} + \frac{60}{1.1^4} \right] \text{ million}$$

$$\approx \$ 99.68103272 \text{ million}$$

$$= \$ 99.681033 \text{ (corr. to the nearest dollar)}$$



Question 8b. (Sample Script) cont'd

Not attempt or wrong calculation

$$\begin{aligned} 8b)(1) \text{ 回本期} &= \$-70\text{百萬} + \$30\text{百萬} + \$50\text{百萬} \\ &= \$10\text{百萬} \end{aligned}$$

$$(1) \text{ 回本期} = 2\text{年}$$

$$\begin{aligned} (2) \text{ 淨現值} &= (\text{最初支出} + \text{剩餘價值}) - \\ &= \frac{30(0.1) + 50(0.1)^2 + 80(0.1)^3 + 60(0.1)^4}{90} \end{aligned}$$



Question 8c. (Sample Script)

Well-explained reasons

The first reason is that its net present value is higher than that of the high-priced version. The profit of the firm is larger.

The second reason is ~~that~~ that the payback period of low-priced version is 1.71 years which is lower than that of high-priced version.

The money can be collected back faster, avoid loss.

The third reason is that the initial investment of low-priced version

is lower. As in the case, the firm wants to reduce the pressure on capital, ~~and~~ with an initial investment of small amount, the firm can save ~~its~~ some of its capital for other investment.



Question 8c. (Sample Script) cont'd
without sufficient elaboration or irrelevant reasons

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8c 世紀集團應推出低價版本的4D流動電子遊戲機，可以令到普羅大眾
也可以因此而購買4D流動電子遊戲機，增加銷量。同時，價格較低，可以
令到大眾會因此而嘗試產品，因而購買。以及低價版本的開發成本相對
較低，因此世紀集團應選擇此。

1162



Question 8d. (Sample Script)

4Ps are listed and appropriate strategies are explained

8d) For the product, the firm may produce 4D portable electronic game device with basic mode and model. The device should have fashionable style and design and appealing colour to attract consumers and encourage them to buy the device.

For the price, the firm should set a low-price for the device since the version of the device is low-priced and the production cost is relatively lower. Setting a low price allows the firm to build large market share and stimulate interest and demand.



Question 8d. (Sample Script) cont
4Ps are listed and appropriate strategies are explained

For the distribution, the firm may apply intensive distribution in order to meet the need of the consumer and ensure sufficient market coverage, hence boost the sales of the devices.

For the promotion, the firm should use advertisement and sales promotion to build consumer awareness and stimulate their desire to buy. As advertisement can reach a large number of consumer, hence boost sales.

2



Question 8d. (Sample Script) cont'd

Just list 4Ps without clear explanation the appropriate strategies

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8d)	價格 = 在推廣期期間提供折扣優惠, 以吸引中上, 中下及低下階層的人
1	商品 = 強調四維的特點, 吸引追求潮流的人
1	分銷地點 = 可在各大百貨公司發售, 讓不同地點的顧客都能容易買到商品。
2	推廣 = 在各媒體作宣傳, 例如是電視廣告, 互聯網, 報章雜誌等地方, 這 能提升產品知名度。



Question 8e. (Sample Script)

Clearly point out the increased usage or wastage

e.) (1). It is because of the material usage of the staff. If the staff is less skilled, then the staff need to use more material to produce a unit of output, so the ^{low} ~~budgeted~~ ^{actual} ~~budget~~ ~~cost~~ amount will be larger than the actual amount.

(2). It is due to the lower efficiency of labour. The labour need to use more working hours or work overtime to produce a unit of output. So, the actual spending on labour is larger than the budgeted spending.

請勿
Please do not write in the margin.



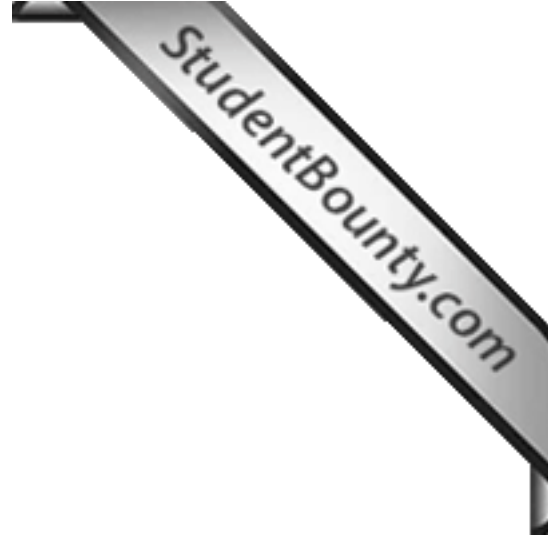
Question 8e. (Sample Script) cont.

Fail to suggest a valid reason

e.) 因金錢的時間價值及通貨膨脹的關係，原材料的
價格會上升，而薪金方面亦會有升幅。

ii) (1) 在材料支出方面，由於產品在研發期，因而實際支出會比預算支出低。
Why:-

... 在工資支出上，由於研發是初期，人員的增聘機會（成本），因而實際
支出比上一財政年度高。



Thank you!

Paper 2B

Practice Paper

Exemplars

Elena Leung
February 2012

Question 9

9. A company is considering applying for the rights to distribute a branded electric car in Asia. As a risk reduction measure, the company plans to conduct market research to assess the market potential of the electric car.
- (a) Describe the steps involved in conducting market research to assess the market potential of the electric car. (8 marks)
- (b) Suppose the company finally got the distribution rights. Apart from the risk reduction strategy, discuss the other risk management strategies that the company can adopt for distributing the electric car. (12 marks)

Question 9 – Sample 1

(a) The first step is to assess the marketing research objective, as they want to know the market potential of electric car, the above one is the objective of the research, also they need to decide the research category, the category is descriptive as the company wants to know a full picture of the market and assess the potential ~~the~~ market.

The next step is transforming the ~~the~~ objective of the research into specific information needed. The company needs to collect the first hand data, which is needed to conduct and collect by the researcher. And secondary data, which are already exists and collected ~~for~~ for other purpose.

The company can collect the economic reports for different Asian countries, the economic growth of different Asian countries, and the average consumption power of citizen in each Asian countries.

For first hand data, the company can decide to use questionnaire research method and qualitative research method. The company can plan to ~~use~~ hire people to ask the people in Asia on their acceptance, the expected price, the perceived quality and the willingness to buy an electric car. The method can obtain results on a large number of respondents. Qualitative research method can let the research to hold focus group to deeply focus on the people willingness to buy an electric car or not, and the reason behind them. The two methods enable the researcher to

(a) Demonstrate comprehensive knowledge of conducting research with accurate use of terminology. In addition the candidate can also present research steps closely applied to the scenario.

Answers written in the margins will not be marked

4

Then the marketers need to decide on the sampling size, unit and method. Whether to use a ~~prob~~ probability sampling or a non-probability sampling to collect the data.

The the marketer must put the plan into implementation, to actually collect the data from the target group. Then using advanced analysis and statistical technique to generate the result.

Lastly, the marketer can make the report and state the findings by ~~the manager~~ to the manager, whether the market potential of the electric car in Asia is attractive or not.

These are the steps to do a marketing research.

(a) Detailed description of **steps in marketing research** with relevant application.

(b) The first one is risk avoidance. That means the company are not engage in the business activities to avoid lose as the frequency and the severity of the loss is huge. As ~~no~~ there will be no risk if the company don't engage in the busnes activities, the loss can be eliminated. For instance, the selling price of electric car is relatively higher than ordinary car as it is a new technology and the research and development cost is relatively higher. The company can avoid distributing the electric car in some low-purchasing power countries or there is no facilities to support the electric car, like Myanmar, Budan, etc. As the people ~~is~~ cannot afford the price of a electric car or ~~they don't~~ there are no facilities to recharge the electric car. ~~They~~ The selling volume of the electric car will be very lower and there is no profit at all. As a result, the promotion and distributary cost of the electric car will be wasted, if the company ~~don't~~ didn't involve in the business to distribute electric cars in these countries, the risk of loss can be avoided.

Answers written in the margins will not be marked

4

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(b) Demonstrate broad knowledge & accurate application of **risk avoidance** strategy with suitable examples relating to the distribution of electric car

The next risk management strategies is risk transfer, which refer to the company finance the risk by buying insurance from insurance company or outsourcing the business to ~~other~~ share the risk with other business.

For instance, ~~at~~ when delivering of the electric cars, the company can buy insurance for the delivery. Like in China, the highway safety is questioned, also there will be extreme weather condition occurred, the delivery will be delayed or even the electric cars will be damage. The company will suffer loss from it. But if the company ~~had~~ bought insurance, the insurance company will provide financial compensation on the company loss, the company can keep its financial position same even loss has occurred.

Moreover, outsourcing of the distribution in different Asian countries can help ~~reduce~~ ^{transfer} the risk of the loss to the partner. The company can find partners in each ~~of~~ countries to help distributing its electric car. Using this method, the risk of limited knowledge in business culture of the region can be transfer to the outsourced company as the company can focus on quality control and ~~the~~ making the delivery process efficient and effective to the retailers.

(b) Clearly elaborate the meaning of risk transfer with most appropriate examples in the distribution of

4

Lastly is risk assumption. The ~~company~~ company can accept the loss being by the business activities. As the loss is insignificant when compare to the cost to implement strategies to ~~be~~ correct it.

For instance, during distribution, the company should assume the breakage of some of electric car and they company should responsible for the repaired of the electric car. This ensured the quality of the car is at a acceptable range and the standard is up to standard. As the probability of breaky down is ~~frequently~~ and the repair cost of it is relatively insignificant, the company will assume the loss of repair it.

These three are the risk management strategies taken by the company for distributing the electric car.

(b) Clearly elaborate the meaning of **risk assumption** with good examples in the distribution of electric cars.

Question 9 – Sample 1

Comments

- Demonstrates quite comprehensive knowledge & understanding of steps in conducting market research. Such knowledge is particularly well applied to the distribution of electric cars.
- In addition, the concept of risk management strategies are generally well explained and illustrated with appropriate use of business terminology.

Question 9 – Sample 2

Answers written in the margins will not be marked.

Answers written in the margins will not be marked.

Section C. Total 10 develop research plan
9a) First of all, the company have to decide what information is needed.
To ensure the relevance of the information, the company has to review
it's goal of conducting a marketing research. define the problem
& research objectives
After the goal of marketing research, the company can start deciding how
to implement the research. So the company then need to decide what
mean that the research should be conducted in. For example, the company
can use questionnaire ~~it can give questionnaire to~~ people in order to assess
their interest on electric car in order to evaluate its potential

Steps involved in conducting market research not in proper order, **missing some points in the research plan**

After deciding the method, sampling base should be decided. For example, how many interviewers should be interviewed and the no. of sample elements.

Afterwards, the company has to design the sampling method. How the sample element should be selected. For example, the company can adopt convenience sampling.

寫於邊界以

Only mention sampling plan without explaining data collection and data analysis in the research plan.

3

7

9b). First of all, it's **risk transfer** method. It refers to the company that transfer risk to the third parties. No matter the distribution process or the production process of the electric car, accident may exist. For example, there may occur fire accident. Although the frequency of this risk is low, the severity is extremely high. Also, it is a kind of uncontrollable and undesirable effect. So, the company may buy a fire insurance to transfer the risk to the insurance company. After the accident, the company can probably get back some or even the whole amount of money. As a result, risk is transferred.

For **risk assumption** method, it refers to ~~eliminate the risk and~~ bear the loss it self. For example, during the distributing or production process, the electric car may have some little damage. Maybe the worker make a little damage or there are some error in the machinery. Although the

Risk transfer and risk assumption strategies are generally explained fairly with moderate use of business terminology.

risk frequency ^{may be} quite high, the severity is low since it is ~~is~~ some little damage & it will not affect the car much. As a result, the company can choose risk assumption & bear the risk itself as it will not affect the daily operation of the company.

Finally, it's risk avoidance strategies. ^{give up high risk segment} It refers to stop doing a particular work to avoid a risk. For example, there is a economy recession, people don't have money to buy the electric car as most of the people are unemployed. If the company keep distributing the electric car, it can foresee that the company will suffer a huge loss and ~~cause~~ to close up. So, the company can choose to adopt risk avoidance. Since it is a kind of market change, the company can't control it. Also, the loss is extremely huge, the company must ~~not~~ bear it itself. Otherwise, it will close up.

Explanation on risk avoidance is acceptable, but the application in scenario is not clearly shown.

Question 9 – Sample 2

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Comments

- Demonstrates moderate knowledge of market research and risk management strategies.
- The steps involved in conducting marketing research are partly missed and the risk management strategies are fairly explained with some business terminology.

Question 9 – Sample 3

(a) 公司首先要找出電動車的目標市場，然後開始分析目標市場，如對目標消費者進行調查。研究電動者對目標消費者的吸引力及預計的市場佔有率。方法可以利用初級資料及次級資料作研究幫助，例如以問卷方式訪問消費者對電動者的意見，或從外國一些已推出電動車的國家所有的市場資料作次級資料作市場研究。最後檢討市場研究，隨後可執行營銷計劃。

寫於邊界以外的答案，將不予

(a) 未能掌握研究步驟，只能提出一些研究計劃內的初級資料的需要，進行研究步驟前後不符

Answers written in the margins will not be marked.

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(b) 如果公司取得分銷權，除了減低風險外，公司還可以選擇以風險轉移。公司可將風險轉與端於保險公司，購買火險，可得到電動車因火災而導致財物損失的傷害，又減少損失。或購買其他可以賠償電動車因自然災傷害而導致損失的保險，或購買第三者保險，減少第三者因電動車而受傷的賠償負擔。

公司亦可選擇風險承擔，即自負盈虧，承受若電動車的市場發展不好所帶來的虧損。

公司亦可分散風險，不要將所有資金投放於電動車的行銷上，可將資金部分於較穩定的項目如出售日產汽車，以減低電動車所帶來的損失。在公可在電動車虧損的同時也有現金流入，以免現金流出大於現金流入及倒閉等情況。因此

(b) 風險管理的策略中，能解說風險轉移及承擔，部份描述缺乏詳細解釋及應用，另分散風險乃屬減少風險項目

Question 9 – Sample 3

評語

- 考生表現欠佳，未能完全掌握市場研究步驟，對於風險管理策略未能作詳細解釋及應用，論點間有錯誤。

Question 10

10. A large company has recently employed a group of young university graduates who have a great need for achievement. The company wants to develop them to take up senior management positions in the future.

Discuss how the company could tailor its human resources management functions to support the development of the new recruits.
(20 marks)

Question 10 – Sample

10) For the new recruits, the young university graduate need to gain support from the firm and being welcome by the existing staffs. Firm needs to offer orientation to them in order to ensure they know about the facilities and various departments of the firm. And also, the firm need to tell them clearly about the major firm's policies and regulation and what duties and responsibilities they have. After orientation, the new employees (the young university graduates) will know more about the firm and have clear work requirement in mind.

Besides, the firm needs to provide training and development opportunities for the new employees. As they are newly graduates, they may have little or limited experience of working in a firm in full-time scale and don't know how to carry out their works or tasks up to standards. They need to be equipped with basic technical skills such as how to operate a equipment and technological machine. Also, they need to be trained with efficient interpersonal skills in order to communicate with their college efficiently and in a proper manner. They need to have skillful communication skill in order to supervise and give instruction to their subordinates when they become the senior management positions. As a management, they need to encourage employees to work and discuss difficult and ^{business} problems with large goal of people, they are required to have efficient communication skills.

The concept of orientation is well presented.

Training and development are combined in elaboration with systemic logical application on training university graduates (new recruits).

position in the future, they need to be given the development opportunities such as upgrading their existing skills so as to meet the need of fulfilling greater responsibility in the future. 2

Also, the firm needs to conduct performance appraisal with them in order to understand their strength and weakness, hence provide feedback and guideline to improve their performance. The appraisal method is relatively complicated, such as using management by objective method to better identify the difficulties the new recruits face. And allow comprehensive appraisal progress, so as to improve their relationship with the appraiser and the two-way communication allow the firm understand their concerns and needs. The appraisal criteria is both job-related and career development. Also, the appraisal frequency should be tailor made in order to meet the need of improvement and evaluation. 4

For the remuneration, the firm should set a relatively higher salaries for them in order to retain them at the company and develop them to take up the senior management positions in the future. As the young university graduates concern the job prospects and career development, the firm need to offer long-term fringe benefits, such as medical benefit and education allowance to them and fulfill their needs. As they are professionals hence higher salaries should be paid. 2

For motivation, the firm need to satisfy their low level need and hence offer personal growth opportunities and give them more responsibility and autonomy in order to motivate them to harder work. Also satisfy their need 1

Performance appraisal are elaborate accurately with sound and in-depth application.

Remuneration aspect is just explained fairly on fringe benefits only.

workers and want to enjoy a harmonious working environment. Firm needs to build up a considerate and harmonious working relationship and strength the bonding between each of them by holding annual ball, meetings and social activities for them. Through the events, stronger bond is built up and they would likely to work with others cooperatively and coordinate works with others in a efficient manner.

As they are high educated graduates who probably acquire specific skill and professional technique, they need to be recognised due to well done works.

(15)

Motivation is slightly related to compensation scheme without applying to performance-based reward system here.

Question 10 – Sample 4

Comments

- Demonstrates quite comprehensive knowledge and understanding of the human resources management functions to support the development of the new recruits.
- Knowledge in orientation, training and development, performance appraisal and compensation are presented well in relating to the scenario of recruiting young university graduates.

Question 10 – Sample 5

1.9) 這些大學畢業生都是「理論」員工，他們會自動自覺工作，希望可以透過工作來獲取滿足感，凡是追求卓越就，公司可以透過升職的機會來激發他們的工作潛能。

另外，公司應該定期向他們提供工作培訓，因為他們只是剛畢業，所擁有的經驗和技能不多，從而透過培訓來發展日後他們作為管理人員的工作技能和職能多元化。
例如，解題技巧。

3 而且，公司亦應該設有定期的表現評估，因為他們未必能夠清楚知道亦了解自己的不足之處和改善的方法。所以透過表現管理，找出他們表現不足的地方，讓他們改善，也向他們提出回饋改善方法，提升他們的工作質素。

3 還有，公司可以安排他們到不同崗位工作，使他們在不同部門中吸取相關知識，更重要的是可以讓他們更了解公司的運作模式，這有助他們日後成為高層管理人員。

2 再者，公司可以讓現在的高層管理人員向他們溝通，使他們知道一些所需要的管理心得和管理技巧。這能使更清楚管理工作的要求。

表現評核及崗位安置 (工作輪調) 有較詳細解釋，惟答案尚欠職前輔導，不能清楚分辨訓練與發展的功能

Question 10 – Sample 5

評語

- 對人力資源管理功能的理念展示合理的認識，部份管理功能例如工作培訓，表現評估及崗位安置等，尚能掌握要點作答，表達論點大致清楚，亦有運用商業用語。

Question 10 – Sample 6

一家大公司剛聘用了一組追求卓越成就的大學畢業生，而公司希望栽培他們成為將來的高層。公司可在人力資源管理功能制定適切以支援新員工的發展。

首先，公司應盡力做好不同培訓及發展這批大學生，先發各人長處，並且上不同的培訓課程。

其次，培訓大學生一些溝通技巧，縱向溝通、橫向溝通等。不用培訓基層工作的技能，反而是著重能人際關係及決策方面的培訓。

公司例如可以提供學徒制培訓不同大學生跟公司內不同部門的高層管理人員學習，快速了解公司的架構以保障這批大學生能更快了解公司的運作及人際關係。

公司再應盡可能為其他員工的表現作管理並記錄每個員工的優點、弱點、長處及能力等，以便這批大學生日後接

寫於邊界以外的答案，將不

the margins will not be marked.

未能掌握人力資源管理的要點，只在闡述訓練及發展中的內容，對人力資源管理功能的商業用語不熟悉，例如「表現評核」誤作「表現管理」。

Question 10 – Sample 6

評語

- 只描述人力資源管理功能，尚未全面掌握人力資源理念。未有運用若干商業用語。

~ The End ~