

South Tuen Mun Government Secondary School

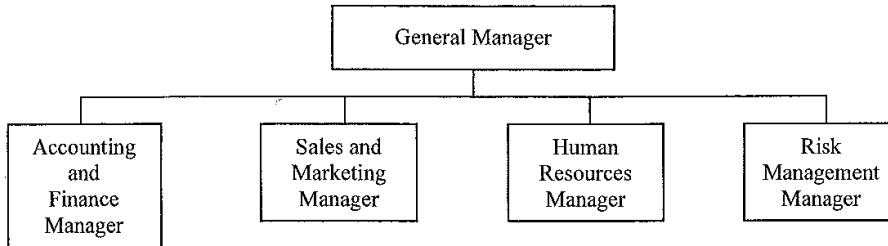
BAFS_PA_DSE_I_2017

Name: _____

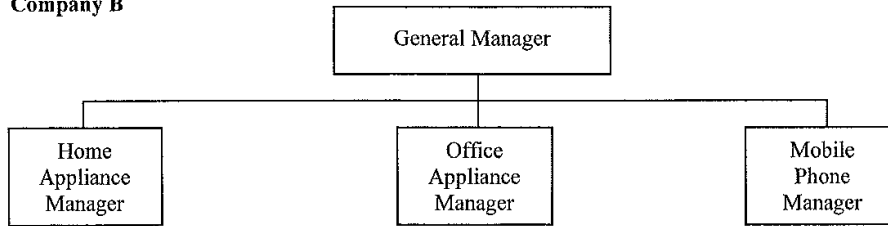
Class: _____ ()

3. Company A and Company B are retail businesses selling electrical appliances. Their organisation charts are as follows:

Company A



Company B



- (a) State the form of departmentalisation adopted by the two companies:
- (i) Company A
 - (ii) Company B (2 marks)
- (b) Which of the General Managers of the two companies above has a wider span of control? (1 mark)

Recently, the warehouse of Company A caught fire, which led to substantial losses.

- (c) Which department of Company A should be responsible for claiming insurance compensation? Explain one main role of this department in the company. (3 marks)

The financial year of Company B ends on 31 December. On 4 January 2017, Company B received an electricity bill for December 2016 of \$9500. It then settled the bill on 29 January 2017.

- (d) Explain, with a relevant accounting principle or concept, in which year the electricity of \$9500 should be recorded as an expense. (3 marks)

Based on the following information, answer either Question 4 or 5.

John commenced a firm selling grocery and household products on 1 January 2016. Three employees were hired for the operation of the firm.

The following balances were obtained from his books as at 31 December 2016:

	\$
Capital, 1 January 2016	240 000
Bank overdraft	173 400
Furniture	204 000
Sales	796 200
Purchases	500 400
Returns inwards	1 800
Returns outwards	1 500
Discounts received	2 100
Operating expenses	507 000

Answer ONE question.

4. (a) Prepare for John's firm a trial balance as at 31 December 2016. (5 marks)
- (b) What is business ethics? (1 mark)
- (c) For each of the following stakeholders, illustrate with one example how John can ensure that the operation of his firm is socially responsible:
- (i) employees of the firm (2 marks)
- (ii) residents living around the firm (2 marks)
- (Total: 10 marks)

5. The inventory as at 31 December 2016 was valued at \$195 000.
- (a) Prepare for John's firm an income statement for the year ended 31 December 2016. (5 marks)

A business consultant advised John to set goals for his firm.

- (b) State the management function that the task of setting goals for John's firm belongs to. (1 mark)
- (c) Explain two reasons why John should set goals for his firm. (4 marks)

(Total: 10 marks)

QUESTION 3**Marks**

- (a) (i) Company A: departmentalisation by function 1
(ii) Company B: departmentalisation by product 1
- (b) General Manager of Company A 1
- (c) Risk Management Department 1
- Main role: 2
- identifying the possible risks the business is exposed to
 - formulating risk management strategies to manage the risks
- (2 marks for each relevant role, maximum 2 marks)
- (d) - 2016 1
- accrual concept 1
- revenues and expenses are recognised when they are earned or incurred and are included in the financial statements of that year 1

9 marks**QUESTION 4****Marks**

(a)

John			
Trial balance as at 31 December 2016			
	Dr	Cr	
	\$	\$	
Capital, 1 January 2016		240 000	0.5
Bank overdraft		173 400	0.5
Furniture	204 000		0.5
Sales		796 200	0.5
Purchases	500 400		0.5
Returns inwards	1 800		0.5
Returns outwards		1 500	0.5
Discounts received		2 100	0.5
Operating expenses	507 000		0.5
	1 213 200	1 213 200	(5)

- (b) Business ethics: 1
- the moral principles, values and beliefs which govern the behaviours of a business
- (c) (i) employees of the firm: 2
- providing fair and reasonable remuneration
 - providing a safe and pleasant working environment
- (2 marks for each explanation, max. 2 marks)
- (ii) residents living around the firm 2
- disposing of litter and waste appropriately
 - sponsoring community activities
- (2 marks for each explanation, max. 2 marks)

10 marks

QUESTION 5

Marks

(a)

John		
Income statement for the year ended 31 December 2016		} 0.5
	\$	\$
Sales		796 200
Less: Returns inwards		<u>1 800</u>
		794 400
 <u>Less: Cost of goods sold</u>		
Purchases	500 400	
Less: Returns outwards	<u>1 500</u>	
	498 900	
Less: Closing inventory	<u>195 000</u>	<u>303 900</u>
Gross profit		490 500
Add: Discounts received		<u>2 100</u>
		492 600
Less: Operating expenses		<u>507 000</u>
Net loss		<u><u>(14 400)</u></u>

(b) Management function:

- planning

1

(c) Reasons:

- to help capture opportunities and deal with challenges
 - to provide direction to his staff
 - to provide standards for monitoring work progress
- (2 marks for each relevant reason, maximum 4 marks)

4

10 marks