

Marking Schemes

This document was prepared for markers' reference. It should not be regarded as a set of model answers. Candidates and teachers who were not involved in the marking process are advised to interpret its content with care.

General Notes on Marking

1. Teachers are strongly advised to conduct their own internal standardisation procedures using the marking scheme before the actual marking begins. After standardisation, teachers should adhere to the marking scheme to ensure a uniform standard of marking within the school.
2. The marking scheme may not exhaust all possible answers for each question. Teachers should exercise their professional discretion and judgment in accepting alternative answers that are not in the marking scheme, but are correct and well-reasoned.
3. In questions asking for a specified number of reasons or examples etc., and a student gives more than the required number, the extra answers should not be marked. For instance, in a question asking students to provide two examples, and a student gives three, only the first two should be marked.
4. The general guidelines for answers which are awarded 0 to 3 marks each are as follows:
 - 0 marks : irrelevant or ambiguous answer
 - 1 mark : relevant phrases containing key words that answer the question
 - 2 / 3 marks : a relevant point or answer with a brief explanation of the concept/key words and/or illustration of how it is related to the given scenario

PAPER 1

SECTION A

Question No.	Key	Question No.	Key
1.	C (47%)	16.	B (64%)
2.	D (54%)	17.	A (68%)
3.	C (64%)	18.	C (41%)
4.	B (74%)	19.	D (66%)
5.	D (89%)	20.	C (48%)
6.	B (77%)	21.	A (78%)
7.	A (93%)	22.	B (30%)
8.	B (33%)	23.	B (88%)
9.	A (81%)	24.	A (48%)
10.	D (58%)	25.	D (55%)
11.	C (49%)	26.	C (74%)
12.	A (74%)	27.	B (60%)
13.	B (30%)	28.	A (61%)
14.	C (79%)	29.	D (68%)
15.	A (74%)	30.	D (61%)

Note: Figures in brackets indicate the percentages of candidates choosing the correct answers.

SECTION B PART 1

	Marks
QUESTION 1	
(a) Technological factors: payment platform/network security/internet coverage (2 marks for each relevant factor, max. 2 marks)	2
Economic factors: exchange rate/income level/trade barriers (2 marks for each relevant factor, max. 2 marks)	2
(b) Strategies: – global sourcing – outsourcing of production processes – technology transfer/enhancement of production processes (2 marks for each relevant strategy, max. 4 marks)	4
	<u>8 marks</u>
QUESTION 2	Marks
(a) Characteristics: – managed by owner – limited capital – mainly local operations (1 mark for each relevant characteristic, max. 2 marks)	2
(b) Contributions: – promote innovations (new products/new markets) – promote market competition/provide more high-quality products or services to consumers (2 marks for each relevant contribution, max. 4 marks)	4
	<u>6 marks</u>
QUESTION 3	Marks
(a) (i) Generous dividend policy: – shareholders could have higher returns/are more optimistic regarding the prospects of the company. This would attract more people to buy the company shares, which would lead to an increase in the share price	2
(ii) Limit the number of visits to Hong Kong: – sales to visitors will be reduced, the profitability of the company will be lowered, shareholders will sell the shares of the company which will lead to a drop in the share price	2
(b) – Going concern assumption: assumes that an entity will continue its operation in the foreseeable future, the entity has neither the intention nor the need to liquidate or reduce its scale of operations significantly	1
– The non-current assets should be valued at their liquidation value/net realisable value.	1
	<u>6 marks</u>

PART 2
QUESTION 4

Marks

(a)

Mandy			
Statement of financial position as at 31 December 2017			
	\$	\$	\$
Non-current assets			
Equipment			166 000
Motor van			48 000
			214 000
Current assets			
Inventory		26 000	
Trade receivables		13 000	
Cash at bank		16 000	
		55 000	
Less: Current Liabilities			
Bank loan	30 000		
Trade payables	8 000	38 000	
			17 000
			231 000
Financed by			
Capital, as at 1 January 2017 (Balancing figure)			188 600
Add: Net profit (\$220 000 – (\$98 000 – \$26 000) – \$105 600)			42 400
			231 000

(b) Autocratic leadership 1

(c) Disadvantages: 4

- employees' job satisfaction and commitment would be lowered/greater resistance from employees
- Mandy has a heavier workload/quality of decision-making depends on Mandy's capabilities

(2 marks for each relevant disadvantage, max. 4 marks)

10 marks

QUESTION 5

Marks

(a)

Cash at bank							
2018			\$	2018			
	Jan 1	Balance b/d	20 000	Jan 7	Trade payables	9 506	0.5
				Jan 10	Rent	7 000	0.5
Purchases							
2018			\$	2018			
0.5	Jan 3	Trade payables	9 800				
Trade payables							
2018			\$	2018			
0.5	Jan 7	Cash at bank	9 506	Jan 3	Purchases	9 800	0.5
0.5	Jan 7	Discounts received	294				
Discounts received							
2018			\$	2018			
	Jan 7	Trade payables	294				0.5
Rent							
2018			\$	2018			
0.5	Jan 10	Cash at bank	7 000				
Sales							
2018			\$	2018			
	Jan 25	Trade receivables	12 000				0.5
Trade receivables							
2018			\$	2018			
0.5	Jan 25	Sales	12 000				

(5)

(b) Unity of direction 1

(c) Reasons: 4

- create coherence among employees to achieve the same objectives
- avoid management confusions/conflicts among different departments
- help to build up team spirit

(2 marks for each relevant reason, max. 4 marks)

10 marks

END OF PAPER 1