

South Tuen Mun Government Secondary School  
Yearly Examination 2017-2018  
S4 Business, Accounting and Financial Studies  
(This Question-Answer Book consists of 10 pages)

Maximum marks: 90 (To be converted to 200 marks)

Time allowed: 2 hrs

Class: \_\_\_\_\_ Name: \_\_\_\_\_ Class No: (\_\_\_\_\_)

Answer **ALL** the questions in this Question-Answer Book

**Part A** **Multiple Choice Questions** **(40 marks)**  
**Write your answers in the space provided on P.4**

1. Which of the following does not involve human resources management?
  - A. Provision of employees' training
  - B. Recruitment of the suitable employees
  - C. Handling of customer complaints
  - D. Determination of employees' benefits
  
2. A fast food shop receives several customer complaints on its bread turned bad. After investigation, it was revealed that its bread supplier used expired raw materials to make bread. Which department(s) of the fast food shop is/are responsible to handle the case?
  - (1) Financial management department
  - (2) Operations management department
  - (3) Marketing management department
  - A. (3) only
  - B. (1) and (2) only
  - C. (2) and (3) only
  - D. (1), (2) and (3)

**Based on the following information, answer Question 3 to 4:**

Ms. Ho is the Chief Executive Officer of Good Taste Teabag Co. She determines the goal of the company in the coming five years as developing new products and increasing the profit.

Mr. Chan is the Operating Manager of the company. He decided to delegate to Miss Fong, a newly recruited Junior Operating Executive Officer, to take up the quality control of the newly launched instant coffee bag. Eventually, the new product launched was with bad quality. It was ordered by the Centre for Food Safety to recall from the market after receiving several customer complaints.

3. Which of the following statements is correct?
  - A. Miss Fong does not have the ability to complete the task.
  - B. Mr. Chan does not have to take up the responsibility for the outcome.
  - C. Mr. Chan's decision violates the unity of direction.
  - D. Ms. Ho should participate with the quality control of the instant coffee bag.



11. If the subordinates are relatively passive, under which of the following principles of effective management would result in a superior paying more effort on his/her work?
- A. Division of work
  - B. Unity of command
  - C. Unity of direction
  - D. Management by objectives

**Based on the following information, answer Question 12 to 13:**

Star Group is engaging in various scope of business, such as transportation, publishing, real estate and etc. Ms Ho is the Chief Executive Officer of the Group. As she has determined the only goal of the group is to increase the profits in the next 3 years, all its subsidiaries have to submit a budget plan with the objective of cutting expenses and raising revenue.

12. How can the decision of Ms. Ho raise the performance of management?
- A. All employees can comply with the goal of the group.
  - B. The employees who are engaging in various businesses can perform their own strengths.
  - C. The communication between the superior and subordinates can be improved.
  - D. The level of participation of basic staff will be enhanced.
13. Little Star Company is subsidiary of the Star Group. According to the decision of Ms Ho, the department should\_\_\_\_\_.
- A. human Resources .... hire more experienced employees
  - B. operations .... search for raw materials with lower price
  - C. marketing .... build a central inventory management system
  - D. financial .... raise capital for the new business
14. In many SMEs running in the form of sole proprietorship, the owners are required to take all managerial duties. In general, which of the following principles of effective management can they comply with?
- A. Division of work
  - B. Management by objectives
  - C. Unity of command
  - D. Authority and responsibility
15. In recent years, a number of small and medium technology companies can develop innovative and popular mobile applications. Which of the following is the proper leadership style that their management should have?
- A. Participative leadership, because the organization structure of a SME is simple.
  - B. Participative leadership, because the market share of a SME is small.
  - C. Autocratic leadership, because the employees of a SME are passive.
  - D. Autocratic leadership, because a SME lacks the sources of financing.

16. ABC Company has 10 staff. The two owners of the company have to take all the managerial duties and the remaining are all basic-level staff. Which characteristics of the SMEs can be reflected by the business model of ABC Company?
- A. Simple organization structure  
 B. Small market share  
 C. Engaged in innovative services  
 D. Limited sources of financing
17. Which of the following is an expense?
- A. Cash discounts received  
 B. Rent received  
 C. Returns inwards  
 D. Office cleaning
18. Which of the following statement is correct?
- A. The purchases account should be credited when goods are purchased on credit.  
 B. The bank account should be credited when it is overdrawn.  
 C. The capital account should be debited when the owner withdraws cash for his own use.  
 D. The machinery account should be debited when a machine is purchased by cheque.
19. The owner of a firm drew a business cheque as is monthly salary. It should be treated as \_\_\_\_\_.
- A. capital introduction  
 B. salaries  
 C. drawings  
 D. bank overdraft
20. A company gave free samples to customers as promotion. Which of the following double entries is correct?

**Debit**

- A. Discounts allowed  
 B. Discounts allowed  
 C. Promotion expenses  
 D. Promotion expenses

**Credit**

- Trade payables  
 Purchases  
 Trade payables  
 Purchases

**Part A**

**Multiple Choice Questions**

**(40 marks)**

1		2		3		4		5	
6		7		8		9		10	
11		12		13		14		15	
16		17		18		19		20	





**5. MyDonald’s launches rice-themed meals, exploring new market**

Starting from April 2018, American fast food chain MyDonald’s which sell different types of burgers, has launched it’s first rice-themed meals: “IT’s MY GAIFAN (碟頭飯)” in Hong Kong. By introducing these rice products namely ‘Rice Fun Bowl’ and ‘Rice Fun Wrap’, MyDonald wants to explore a new market. For the former one, diner can either choose ‘karubi beef’ or ‘teriyaki chicken’ for the meal, with corn rice and broccoli, similar to the typical gaifan (碟頭飯) in Hong Kong style cafe.

Ms. Randy Lai, MyDonald’s Hong Kong and Taiwan managing director stated that gaifan can cater local dining style, and believed that it could expand the dinner market a step further. Before the official launching, 50 regular customers were selected to obtain information about their opinions and preferences towards MyDonald’s ‘rice-themed meals’ gaifan (碟頭飯). Then a trial promotion was held at 10 branches afterwards, the result was satisfactory while the packages and the meals were modified within the trial period in order to test the effect.

It is generally believed that the prices of MyDonald’s new products are relatively cheap, which are only \$28 or above per set, a bit cheaper than the set dinners in Hong Kong style cafe and other fast food shops. Therefore it is estimated that MyDonald’s new product is still competitive in the market.

- (a) Besides selling various types of American burger, MyDonald’s introduces ‘it’s first rice-theme meals-gaifan’ to explore the local of the typical Hong Kong Style recently.
- (i) Identify and briefly describe the type of strategy MyDonald used in selecting target market. (3 marks)

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- (ii) State ONE advantage and ONE disadvantage of the strategy mentioned in (a)(i). (4 marks)

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(iii) “In order to maintain the dinner market, a local family-operating Hong Kong style cafe decided to introduce American burger, Japanese sushi and Italian pizza.” Do you agree with such strategy? State ONE reason to support your answer. (2 marks)

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(iv) Why can a market research help MyDonald’s introduce new product? Explain with TWO reasons. (4 marks)

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(v) i) With reference to the case, identify the type of market research used by MyDonald’s when introducing the new product, “rice-themed meals. (1 mark)

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(iii) State ONE possible factor which affects the objective mentioned in (b)(ii) from being achieved. (2 marks)

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(c) In March 2017, MyDonald's gave away 200,000 free Egg McMuffin in breakfast period.

(i) What promotion mix tool does the free Egg McMuffin belong to? (2 marks)

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(ii) If MyDonald's promotes the new product by the tool mentioned in (c)(i), list ONE advantage and ONE disadvantage of it respectively. (4 marks)

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**End of Question-Answer Book**

South Tuen Mun Government Secondary School  
Yearly Examination 2017-2018  
S4 Business, Accounting and Financial Studies  
Marking Scheme

**Part A** **Multiple Choice Questions** **(40 marks)**

1	C	2	C	3	A	4	B	5	A
6	B	7	D	8	C	9	B	10	B
11	D	12	A	13	B	14	C	15	A
16	A	17	D	18	D	19	C	20	D

**Part B** **Short Questions** **(20 marks)**

1. **Characteristics of the product development stage:**

- Zero sales (1)
- Cost of product development is higher than sales income, resulting in negative profits (1)
- High costs in research and development of products (1)

**(Total: 3 marks)**

2. (a) Growth stage (1)

(b) Strategies:

- Product: To improve quality of the baby product/To add products of new versions (2)
- Price: To penetrate the target market by reducing prices (2)
- Distribution: To adopt the method of intensive distribution (2)

**(Total: 7 marks)**

3. **Ways to adjust service demands for solving service perishability:**

- To establish the guest room booking system so that customers may book their rooms beforehand. This can shorten the waiting at the hotel lobby. (2)
- To offer discounts during non-peak season to shift the demand to the non-peak season (2)
- To hire part-time employees to meet the extremely high demand during peak seasons or hours. (2)

**(Total: 6 marks)**

4. **Reasons for not adopting electronic marketing strategy:**

- Conservative culture of the owner of the company
- Staff resist technology out of worries of losing their jobs
- The company is worried about computer viruses / hacker attacks
- The company is worried about Internet fraud
- Customers consider electronic marketing to be unacceptable
- The company is backward in information technology

**(Total: 4 marks)**

5. **MyDonald's launches rice-themed meals, exploring new market:**

(a) i) Differentiated marketing (1)

MyDonald's launches different products for different target markets, for example, the launch of rice product is to serve the dinner market of local style. Whereas, selling American burgers is for burgers lovers. (2)

**(Total: 3 marks)**(a) ii) **Advantages of differentiated marketing:**

- MyDonald's can enhance customer satisfaction in different target markets. Hence the sales and profits will increase.(2)

**Disadvantages of differentiated marketing:**

- The production and promotion costs of MyDonald's will increase since there are different types of food products need to be taken care of.(2)

**(Total: 4 marks)**

(a) iii) Agree:

There is intense competition among Hong Kong style cafes, and thus, new products must be introduced to maintain the profits.

Disagree:

The introduction of new food involves high costs. It is not suitable for family-operating restaurants.

*(2 marks for either one argument with relevant reason. Max 3)***(Total: 2 marks)**(a) iv) **Reasons why a market research can help when introducing a new product:**

- MyDonald's can measure the potential of local dinner market, try to understand it's competitors' strategies, types of food which is popular among the local HK food market,
- MyDonald's can improve its new products, so as to satisfy they customers' need. e.g their food preferences or choice.

*(2 marks for each reason. Max 4)***(Total: 4 marks)**

(a) v) Qualitative research method was used: a focus group of 50 regular customers were chosen. (1)

**Advantages of focus group:**

- Can get a deep understanding of the research problem.
- Researchers can clarify answers with respondents (2)

**Disadvantages of focus group:**

- Hard to use statistical techniques to analyse data
- Requires highly skilled researchers(2)

**(Total: 5 marks)**

(b) i) **Pricing strategy for MyDonald's new product:**

Marketing penetration pricing (1)

It is because MyDonald's set a low initial price for its new products. (1)

**(Total: 2 marks)**

ii) **Objective of penetration pricing:**

To build the largest market share (1) as quickly as possible. (1)

**(Total: 2 marks)**

iii) **Factor affecting the use of penetration pricing:**

Consumers' price sensitivity. (1)

If customers are price sensitive, the low price can attract large amount of customers.(1) **(Total: 2 marks)**

(c) i) **Promotion mix of giving out free Egg McMuffin:**

Sales promotion (1)

The free Egg McMuffin can be regarded as a free food tasting activity (1)

**(Total: 2 marks)**

ii) **Advantages of sales promotion:**

- It can attract consumer effectively.
- Creates strong purchase intention (2)

**Disadvantages of sales promotion:**

- The effects may be short-lived.
- It may not be a suitable tool for building long-term brand preference and customer relationship (2)

**(Total: 4 marks)**