

South Tuen Mun Government Secondary School

Yearly Examination 2017-2018

S5 Business, Accounting and Financial Studies (Management Module) Paper 2B

Question-Answer-Book

(This Question-Answer-Book consists of 12 pages)

Maximum marks: 80 (To be converted to 120)

Time allowed: 2 1/4 hrs

Class: _____ Name: _____ Class No. _____

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

SECTION A (24 marks)

Answer **ALL** questions in this section.

1 Given the following information about a firm for a certain year:

Credit sales	\$680,000
Credit purchases	\$530,000
Average trade payables	\$75,000

(a) Calculate (to two decimal places) the firm's trade payables turnover for the year. (1 mark)

(b) (i) Define the operating cycle in working capital management. (1 marks)

(ii) Assume the firm's inventory turnover and trade receivables turnover remain unchanged.
Explain the effect of an increase in the firm's trade payables turnover on its operating cycle.
(4 marks)

2 Give two reasons why budgetary control may not be a good tool for motivating employees. (4 marks)

3 A bank wants to perform marketing research to understand the credit card spending habits of Hong Kong people. Illustrate with examples two data collection methods that it may use to collect primary data. (4 marks)

4 Define coaching in the context of performance management. Explain how coaching can help new employees adapt to a company. (4 marks)

SECTION B (36 marks)

Answer **ALL** questions in this section.

6 Helpharma is a pharmaceutical company in the Mainland. It owns a number of patented drugs which are widely used by local and overseas medical institutions.

At a monthly meeting, Charles, the company’s Chairman and Chief Researcher, said, ‘As you all know, some of our patents will expire in the next few years. In order to maintain our profits, it is important that we develop new drugs as soon as possible. Our researchers have been working hard day and night, but we still need to hire some new research staff. We should also purchase new laboratory equipment to increase our efficiency.’

Jack, the Risk Management Director, said, ‘If we are to hire new staff, we should watch out for the risk of our research results being stolen by them. We would suffer a huge loss if a new staff member secretly sells our formula to our competitors.’

Charles responded, ‘I agree. Speaking of risk, I am also worried that our new drugs will not be well received by the market. Can we obtain insurance protection for these risks?’

Jack replied, ‘Only one of the risks can be insured, but I will control the other risk by using other risk management strategies.’

Molly, the Human Resources Director, said, ‘Sorry to interrupt, but I think we should try to retain our researchers before hiring new staff. I noticed that many of our researchers have had low morale recently. I am afraid some of them may be thinking of quitting the company.’

Charles responded, ‘Thanks for letting me know. I will see what I can do.’

- (a) Helpharma has recognised the need to buy new laboratory equipment. With reference to the consumer decision making process for business buyers, describe the next two steps that the company will take. (4 marks)

(b) (i) Which of the risks mentioned in the case is non-insurable? Explain.

(3 marks)

(ii) Illustrate with examples two risk management strategies that Helpharma can use to control the risk in part (i).

(4 marks)

(c) Which of the risks mentioned in the case is insurable? Explain one type of insurance that Helpharma can purchase to obtain protection against this risk. (3 marks)

(d) With reference to two factors in the Herzberg's Two-Factor Theory, describe how Charles can motivate the researchers. (4 marks)

(Total: 18 marks)

SECTION C (20 marks)

Answer **ONE** question in this section. Write your answers on p11-12.

- 8** Many fast food restaurants are finding it difficult to survive. They are always faced with a manpower shortage problem. They also find it hard to maintain service quality.
- (a) Suggest ways for a fast food restaurant to maintain service quality. (10 marks)
- (b) With reference to the human resources management functions, suggest ways in which the fast food restaurant can cope with a manpower shortage. (10 marks)
- (Total: 20 marks)
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- 9** A listed retail chain wants to open a new branch in Hong Kong and is appraising different investment projects using the payback period. It plans to finance the selected project with retained profits rather than by issuing bonds.
- (a) Describe the advantages of appraising capital investment projects using the payback period. (8 marks)
- (b) Explain why the retail chain plans to finance the project with retained profits rather than by issuing bonds. (12 marks)
- (Total: 20 marks)

