

South Tuen Mun Government Secondary School
Half-yearly Examination 2017-2018
S5 Business, Accounting and Financial Studies (Management Module)
Question-Answer Book
(This Question-Answer Book consists of 13 pages)

Maximum marks: 100 (To be converted to 200)

Time allowed: 2 hrs

Class: _____ Name: _____ Class No. _____

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

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

1. The following are the major stages of economic development in Hong Kong. Arrange them in the sequence.
(1) International financial and services centre (3) Knowledge-based economy
(2) Entrepôt (4) Manufacturing centre
A. (2) → (4) → (1) → (3) C. (4) → (2) → (1) → (3)
B. (2) → (4) → (3) → (1) D. (2) → (1) → (4) → (3)

2. Wholesale and retail trades are examples of
A. primary production. C. tertiary production.
B. secondary production. D. knowledge-based production.

3. Many foreign firms have set up their headquarters in Hong Kong due to its proximity to the Mainland. Hong Kong possesses favorable _____ factors over other countries.
A. economic C. technological
B. physical D. political

4. The development of business sectors contributes to Hong Kong's economy as they
A. satisfy the basic needs of the poor people in Hong Kong.
B. support sustainable economic growth in Hong Kong.
C. provide many job opportunities for people in Hong Kong.
D. facilitate the transformation of Hong Kong into a knowledge-based economy.

5. Hong Kong businesses can _____ by global sourcing of inputs and outsourcing of production processes.
A. reduce production costs C. expand to overseas markets
B. save on rent and labour costs D. diversify their investments around the world

6. In the past decade, Hong Kong businesspeople have switched from investing in the _____ to the _____ sector.
- A. real estate ...service
 B. manufacturing...service
 C. real estate ...manufacturing
 D. manufacturing...real estate
7. Firm A makes use of the Internet to locate the lowest cost supplier. It then obtains inputs from different countries to save on costs. This is a process known as
- A. outsourcing.
 B. global sourcing.
 C. technology transfers.
 D. international specialization
8. The infrastructure of a country such as ports and an airport is an example of _____ factors affecting business decisions.
- A. physical
 B. technological
 C. economic
 D. cultural
9. How can Hong Kong firms benefit from the implementation of the Mainland and Hong Kong Closer Economics Partnership Arrangement (CEPA)?
- (1) Hong Kong companies are given preferential treatment in entering into all of the service sectors in the Mainland.
 (2) Hong Kong companies have a first-mover advantage of early entry into the Mainland market.
 (3) All of the products imported from Hong Kong can enjoy a zero import tariff preference when entering the Mainland market.
- A. (1) only
 B. (2) only
 C. (1) and (2) only
 D. (2) and (3) only
10. The roles of the Hong Kong government in developing a favourable business environment include:
- (1) maintaining law and order
 (2) controlling capital flows
 (3) promoting free trade
 (4) maintaining fair competition in the market
- A. (1) and (2) only
 B. (3) and (4) only
 C. (1), (3) and (4) only
 D. (1), (2), (3) and (4)
11. BAFS limited is a local garment company. Its board of directors is now considering outsourcing some production processes to a factory in Vietnam in order to save on production cost.

Which of the following non-financial factors would be relevant to the outsourcing decision?

- (1) Political stability
 (2) Market size and potential
 (3) Communication network
 (4) Taxation policy
- A. (1) and (4) only
 B. (2) and (3) only
 C. (1), (3) and (4) only
 D. (1), (2), (3) and (4)

12. Which of the following will strengthen the business relationship between Hong Kong and the Mainland of China?

- (1) The extension of the Individual Visit Scheme
- (2) Mainland companies issue shares on the Hong Kong stock market.
- (3) High-end products made in Hong Kong can enter the Mainland market without paying any tariffs under CEPA.

- A. (1) only
- B. (1) and (2) only
- C. (2) and (3) only
- D. (1), (2) and (3)

13. A public limited company

- A. has no upper limit on the number of shareholders.
- B. must have at least one shareholder.
- C. can issue shares to the general public.
- D. All of the above

14. Which of the following forms of business ownership is/are (a) legal entity (entities)?

- (1) Sole proprietorship
- (2) Partnership
- (3) Private limited company
- (4) Public corporation

- A. (1) and (2) only
- B. (2) and (3) only
- C. (2) and (4) only
- D. (3) and (4) only

15. What are the characteristics of a public limited company?

- (1) Separation of ownership and management
 - (2) Limited liability
 - (3) Lack of continuity
 - (4) No upper limit on shareholders
- A. (1) and (2) only
 - B. (3) and (4) only
 - C. (1), (2) and (4) only
 - D. (1), (2), (3) and (4)

16. Which of the following statements about private limited companies is true?

- A. A private limited company does not need to disclose its financial information to the public.
- B. A private limited company can sell its shares to the public.
- C. There is no upper limit on the number of shareholders in a private limited company.
- D. A private limited company cannot invite new shareholders to join the business.

17. The advantage of a private limited company over a public limited company is that

- A. there is no need to disclose financial information to the public.
- B. shares of a private limited company are bought and sold freely on the stock market so that more capital can be raised.
- C. the separation of ownership and management in a private limited company enables specialists to take up different roles.
- D. a private limited company enjoys a lower profits tax rate.

18. The following is the information about two firms.

	Firm X	Firm Y
Source of capital	Provided by the owners only.	Raised by issuing shares.
Legal identity	Not a legal entity	A legal entity
Number of owners	15	No upper limit
Financial statements	Disclosure to public not required.	Disclosure to public required.

The forms of ownership of Firm X and Firm Y are _____ and _____, respectively.

- A. partnership; private limited company
- B. public limited company; private limited company
- C. private limited company; public limited company
- D. partnership; public limited company

19. Which of the following characteristics are common to both private limited companies and public limited companies?

- (1) Easy to set up
 - (2) Need to disclose financial information
 - (3) Limited liability for shareholders
 - (4) Separate legal entity
- A. (1) and (2) only
 - B. (3) and (4) only
 - C. (2), (3) and (4) only
 - D. (1), (2), (3) and (4)

20. The difference between public corporations and government departments is that

- A. a government department is owned by the government but a public corporation is not.
- B. a public corporation has a separate legal existence but a government department does not.
- C. a public corporation is less efficient in decision-making processes.
- D. a government department can raise capital for big projects through the public but a public corporation cannot.

SECTION 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)	

SECTION B**(60 marks)**

- 1a) Write up the accounts to record the following transactions for T Wong's business, and then balance off all the accounts at the end of May 2017. Complete the T-accounts on P.6 to 8. (20.5 marks)

2017

- May 1 Started business with \$12,000 cash and a van worth \$6,000
- „ 3 Bought machinery for \$16,000 on credit from Ultra machines.
- „ 6 Received a \$50,000 bank loan, which was deposited into the business bank account.
- „ 8 Bought goods for \$25,000 on credit from Global Ltd.
- „ 12 Returned goods costing \$700 to Global Ltd.
- „ 15 Paid Ultra Machines \$10,000 by cheque.
- „ 16 Sold goods for \$6,000 on credit to J Lam.
- „ 17 Bought goods for \$4,000 in cash.
- „ 19 Settled the outstanding balance with Global Ltd by cheque.
- „ 20 Paid Ultra Machines \$6,000 in cash
- „ 25 Took \$5,000 out of the bank and put it in the cash box of the business.
- „ 27 Sold goods for \$6,000 in cash.
- „ 29 The owner took \$1,800 in cash for personal use.
- „ 30 J Lam paid the business \$3,000 by cheque.

- 1b) State which accounts had a debit balance, a credit balance or a zero balance as at 31 May 2017.

(3.5 marks)

Debit Balance : (Any three)

Credit Balance : (Any two)

Zero Balance : (Any two)

(Total : 24 marks)

(1a)

Cash

2017	\$	2017	\$
------	----	------	----

Vans

2017	\$	2017	\$
------	----	------	----

Capital

2017	\$	2017	\$
------	----	------	----

Machinery

2017	\$	2017	\$
------	----	------	----

Ultra Machines

2017	\$	2017	\$
------	----	------	----

Bank

2017	\$	2017	\$
------	----	------	----

Bank loan

2017	\$	2017	\$
------	----	------	----

Purchases

2017	\$	2017	\$
------	----	------	----

Global Ltd

2017	\$	2017	\$
------	----	------	----

Returns Outwards

2017	\$	2017	\$
------	----	------	----

J Lam

2017	\$	2017	\$
------	----	------	----

Sales

2017	\$	2017	\$
------	----	------	----

Drawings

2017	\$	2017	\$
------	----	------	----

Worldwide Package Travel Service hires branch assistants with high salaries

Branch assistants are front-line staff of travel agents. They are responsible for providing immediate assistance to customers, including responding to inquiries and selling packages. Mr. Yuen Chun Ning, Business Consultant of Worldwide Package Travel Service (Hong Kong) (WWPKG) said in an interview with Hong Kong Economic Times that if branch assistants cannot respond to customers' inquiries immediately, it is easy for customers to feel dissatisfied. Customers may lodge complaints or even scold them. Therefore, branch assistants must have a high degree of resilience and emotional intelligence.

Yuen Chun Ning said that due to the relatively high requirements for the position of branch assistant, the company offers better salaries to the jobs. Worldwide Package Travel Service hires branch assistants with high salaries. The starting salary is about \$11,000 together with commissions and travel benefits.

In addition, in view of Hong Kong people who travel frequently and are highly knowledgeable in geography and tourist attractions, branch assistants have to communicate with customers with sufficient travel information. Thus, WWPKG provides a total of 30 hours of pre-employment training to the new recruits. **(Total: 36 marks)**

2a) Explain how the customer loyalty of Worldwide Package Travel Service (WWPKG) would be affected if its branch assistants fail to handle customer inquiries promptly. **(2 marks)**

2b) Suggest WWPKG with one way to handle customer complaints effectively. **(2 marks)**

2c) Explain with one reason, why the branch assistants of WWPKG may feel dissatisfied with reference to Maslow's Hierarchy of Needs Theory. (2 marks)

2d) Comment whether the provision of a high salary by WWPKG can motivate the branch assistants effectively with reference to the following theories respectively:

(i) Maslow's Hierarchy of Needs Theory (4 marks)

(ii) McGregor's Theory X and Theory Y (4 marks)

2g) Assume maintaining high service quality is the company's mission. Suggest two performance standards which the management of WWPKG should set for evaluating the performance of their 'branch assistants' (4 marks)

2h) (i) Explain three major purpose for WWPKG of using non-monetary rewards. (6 marks)

Bank Loans

2017		\$	2017		\$		
May	31	Balance c/d	<u>50,000</u>	May	6	Bank	<u>50,000</u> 0.5 0.5

Purchases

2017		\$	2017		\$		
May	8	Global Ltd	25,000	May	31	Balance c/d	<u>29,000</u> 0.5 0.5
"	17	Cash	<u>4,000</u>				0.5
			<u>29,000</u>				<u>29,000</u>

Global Ltd

2017		\$	2017		\$		
May	12	Returns outwards	700	May	8	Purchases	25,000 0.5 0.5
"	19	Bank	<u>24,300</u>				0.5
			<u>25,000</u>				<u>25,000</u>

Returns Outwards

2017		\$	2017		\$		
May	31	Balance c/d	<u>700</u>	May	12	Global Ltd	<u>700</u> 0.5 0.5

J Lam

2017		\$	2017		\$		
May	16	Sales	6,000	May	30	Bank	3,000 0.5 0.5
			<u>6,000</u>	"	31	Balance c/d	<u>3,000</u> 0.5
							<u>6,000</u>

Sales

2017		\$	2017		\$		
May	31	Balance c/d	12,000	May	16	J Lam	6,000 0.5 0.5
			<u>12,000</u>	"	27	Cash	<u>6,000</u> 0.5
							<u>12,000</u>

Drawings

2017		\$	2017		\$		
May	29	Cash	<u>1,800</u>	May	31	Balance c/d	<u>1,800</u> 0.5 0.5

(20.4 marks)(b) **Accounts with a debit balance:** cash, vans, machinery, bank, purchases, J Lam, drawings

(Any 3, 0.5 each, max 1.5)

(1.5 marks)

Accounts with a credit balance: capital, bank loans, returns outwards, sales

(Any 2, 0.5 each, max 1)

(1 mark)

Accounts with a zero balance: Ultra Machines, Global Ltd

(Any 2, 0.5 each, max 1)

(1 mark)

(3.5 marks)**(Total: 24 marks)**

Question 2

(Total: 36 marks)

- (a) **Customer loyalty will “decrease”.** (1 mark)
It is because this does not meet the customers’ expectation of receiving prompt and accurate replies from the branch assistants (1 mark).
- (b) Way to handle customer complaints effectively::
- **Arrange well-trained branch supervisor** to handle complaints promptly
- **Offer small gifts** (e.g. coupon) to the customers who lodged complaints if the complaints are valid
(Any one, 2 marks for each relevant way, max. 2 marks) (2 marks)
- (c) Reason why branch assistants may feel dissatisfied (Maslow’s Hierarchy of needs):
- **Safety and security needs**: emotional upset may arouse due to customers’ complaints. (2 marks)
- (d) (i) A high salary can satisfy the **physiological needs** of the branch assistants.
If they are pursuing physiological needs, a high salary can motivate them effectively. (2 marks)
If their physiological needs are satisfied / they are pursuing higher-order needs,
then a high salary cannot motivate them effectively (2 marks)
- (ii) According to **Theory X**, the branch assistants only work for money, a high salary can motivate them effectively. (2 marks)
According to **Theory Y**, they do not just work for money, then a high salary cannot motivate them effectively. (2 marks)
- (e) Objectives of provision of pre-employment training to the new recruits:
- **Enhance the degree of resilience** of the branch assistants, and thus minimize the mistakes made in the provision of front-line services
- Enable the branch assistants **to acquire new skills and knowledge**, and thus facilitate their personal growth
- Help the branch assistants to **perform better in their jobs**, their **job satisfaction will be enhanced**.
(2 marks for each relevant objective, max. 4 marks) (4 marks)
- (f) **The advantages of online job posting** are:
• It is a **quick way** to attract a lot of applicants.
• Online job posting can have a **world-wide coverage**. It can be used to attract international experts and professionals.
• Given its wide coverage, online job posting is **more cost effective** when compared with other job posting methods (e.g., placing advertisements in newspapers, or through employment agencies)
(Any two of the above, 2 marks for each point) (4 marks)

(g) The standards for evaluating the performance of the branch assistants are:

- whether customers have **frequently complained** about the branch assistants.
- to what extent the insurance agent has **complied with the company's codes of conduct**, which govern the selling of tour packages and responding to inquiries.
- whether **customers are satisfied with the services** provided by the branch assistants.

(Any two of the above, 2 marks for each point)

(4 marks)

(h) (i) The major purposes of using non-monetary rewards:

- Non-monetary rewards are used to attract employees, especially for highly skilled employees who often seek higher level recognition, i.e., ego needs or self-actualisation needs according to Maslow's Hierarchy of Needs Theory.
- A company offering a wide variety of non-monetary rewards can demonstrate that it cares for employees and their family members. This will enhance employees' sense of belonging and loyalty to the company.
- Companies providing more generous non-monetary rewards are likely to project an image that they are a good employer. This can enhance their corporate image and may persuade more customers to buy their products.
- Non-monetary rewards can help preserve or improve the physical and psychological well-being of employees and their family members. This would enhance employees' productivity and satisfaction with the company.
- It helps the company fulfil the legal requirement because some benefits are required by law.

(Any three of the above, 2 marks for each point)

(6 marks)

(ii) Other non-monetary rewards:

- **Better protection programs** : insurance benefits or retirement benefits
- **Competitive services** : *subsidies for employees to enrol in educational programmes* related to travel agents. *Organizing recreational activities and providing discounts* for joining company tours

(4 marks)