

試題編號 Question No.												
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a) It missed "specific" as no actual percentage or number is marked in its goal but just a general increase that not specific enough. (there is) Besides, "time-bound" is also missed as ^{no} fixed time limit or deadline is mentioned in its goal to measure the result but only a "near future" that is not a time limit.

b) For political factor, if there is social instability like war in Hong Kong, the foreign travellers will decrease that cause a decrease in her business revenue. For legal factor, if the indirect tax charged on consumers increase, such as sales tax, there will be a decrease in foreign travellers, who aims to shopping in Hong Kong, to Hong Kong and therefore to book her guest house and a decrease in revenue. ~~As~~ (as fewer ~~travellers~~ travellers will book her guest house)

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a) Consistency principle means an accounting method should be kept using in a similar items in every ^{accounting} period. A change in method is merely allowed when it provides a more accurate and fair view of the business. For example, a selected depreciation method should be kept using on a non-current assets, like motor vehicles, unless it gives a more fair and ~~objective~~ accurate view of the business.

b) ~~If the \$25,000 discount is a trade discount. It should be recorded in the books of the firm as \$175,000 under the historical principle.~~

For historical principle, any transactions and entries should be recorded as their cost, which is the agreed price to exchange of two parties. In this case, the cost is \$175,000 instead of the list price, so \$175,000 should be recorded.

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a) For investing in shares, it may claim a higher profit than investing in bonds with a fixed interest as shares' dividends vary with the profit of the company.

Besides, investing in shares let Calvin to sell out at any time he likes rather than bonds have to wait til the maturity date, thus, the liquidity is higher and more flexible.

b) Yes, he has fulfilled the conditions of the stocks are traded on the Hong Kong Stock Exchange by the assist of a licensed stockbroker in Hongkong and it's a default of a licensed stockbroker in Hong Kong.

ii) HK \$ 150,000.

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a) John
Income statement for John's business for the year ended 31 December 2014.

	£	£
Sales		492,000
Less: Cost of goods sold		
Purchases	227,500	
Less: return outwards	9,230	
	218,270	
Add: Carriage inwards	25,500	
	243,770	
Less: Closing inventory	88,000	155,770
Gross profit		336,230
Less: Other expenses		
Carriage outwards	23,600	
Rental expenses	128,000	
Salaries	120,000	271,600
Net profit		64,630

b) private limited company.

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c) It has a higher profit tax rate of 16.5%, while a sole proprietorship is only 15%. Besides, the set-up procedure is more complicated than to set up as a sole proprietorship.

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Comments

The candidate was able to demonstrate comprehensive knowledge and understanding of business and accounting concepts and was able to apply these concepts and knowledge to tackle business problems in unfamiliar case situations. He/she was also able to communicate ideas, opinions and suggestions in a logical and coherent manner, using appropriate business terminology.

In Question 1, the characteristics of a SMART goal missing from the given goal statement were well explained. The political and legal factors were identified with explanations on how they might affect Annie's business. In Question 2, the consistency principle was explained with an example. The amount to be recorded for the motor van was correctly stated with reference to the historical cost concept. In Question 3, though a comparison was made with investment in bonds, the benefits of investing in shares were clearly illustrated. The conditions which had been fulfilled for receiving compensation from the Investor Compensation Fund were identified and the maximum amount of compensation was correctly stated. In Question 5, the income statement was correctly presented and the form of business ownership to be adopted was also correctly identified. The disadvantages of a private limited company, as compared to a sole proprietorship, were clearly explained.

The answers provided by the candidate were comprehensive, logical and showed very good analysis and evaluation of different business scenarios. This piece of work is of Level 5 in the HKDSE reporting scale.

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(a)		Jaden Company	
		Cash at Bank	
2014	\$	2014	\$
31/12 Sunny Ltd	12300	31/12 water charges	3100
Yip's Ltd		Man Ltd	19300
(4000 x 2)	8000	Bank charges	30
Bal b/d	58930	Bal c/d	56800
Bank deposits			
	<u>79230</u>		<u>79230</u>

Bank Reconciliation Statement as at 31 December 2014			
	\$	\$	
Balance as per corrected Cash at Bank		56800	
Add Unpresented cheques - 707893	12200	12200	
		<u>69000</u>	
Less Uncredited cheque - Nam Ltd	8620	8620	
Balance as per Bank Statement		<u><u>60380</u></u>	

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2A) ~~P~~ Tommy Limited
Purchases Ledger Control account

2015		\$	2015		\$
31/3	Sales Ledger - Contra entry	4500	1/3	Bal b/d	8000
-	Allowance for damaged goods	990	31/3	Allowances for damaged goods	990
	Discounts Received	670		Sales ledger Contra entry	45
	Bank	19800		Purchases	35400
	Returns Outwards	560			
	Bal c/d	17780			
		<u>44300</u>			<u>44300</u>

2b) It can ~~can~~ indicate whether there is any ^{unbalance or} error made ~~during~~ by the bookkeeper during the recording ~~process~~, so it can prevent from fraud from bookkeepers.

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3d)

	\$
Opening Inventory	48000
Add Cost of goods manufactured	845000
Less Closing Inventory	<u>38000</u>
	855000
Add to Opening work-in-progress	18000
Less Closing work in progress	<u>33000</u>
Cost of goods sold	<u><u>840000</u></u>

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4a)

	\$ per unit	\$ per unit
Selling price		350
Less Variable cost		
Direct materials	45	
Direct labour	55	
Variable production overhead	18	
Sales commission	22	140
Contribution margin (for each pair of shoes)		<u>210</u>

4b)

$$\text{Break-even sales revenue} = \frac{150000 + 228000 + 168000}{210} \times 350$$

$$= 2600 \times 350$$

$$= \$910000$$

∴ the required sales revenue is \$910000

4c)

~~4b)~~

	\$
New sales revenue (365 × 2700)	985500
Original sales revenue (350 × 3000)	1050000
decrease in sales revenue	<u>(64500)</u>

∴ No, because it would decrease the sales revenue by \$64500.

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~~A)~~ ~~Ron, Sam and Tim~~
~~Realization~~

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b)				Capital				
			Ron	Sam	Tim			
			\$	\$	\$			
2015						2015		
1/1 Realisation						1/1 Bal b/d 112700 30000 100700		
- Office Equipment 232500						Realisation -		
- loss on:						Handling fee 1200 - -		
Realisation 44546			8002	133638		Trade Payables - - 106176		
Bank						(201000 x 97.6%) - - 196176		
Capital - Sam 14773			44319			Capital - Ron (1/4) 14773		
Bank			208919			Capital - Tim (1/4) 44319		
						Bank 178319		
			<u>291819</u>	<u>8002</u>	<u>386876</u>	<u>291819</u>	<u>8002</u>	<u>386876</u>
working:			Bank					
			\$			\$		
Bal b/d			4000			Loan to Tim (20-40) 32000		
Trade Receivables			60000			Realisation expenses 3000		
Capital = Ron			178319			Capital = Tim 208919		
			242319			244719		

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		Dr	Cr
2014		\$	\$
31/12	(i) Trade Receivables	500	
	Sales		500
	(ii) Rates	3000	
	Rental deposit		3000
	(iii) Electricity (2500 - 250)	2250	
	Accrued Electricity		2250
	(iv) Suspense	1200	
	Windy Ltd		1200
	(v) Purchases	450	
	Suspense (540 - 450)	90	
	Discounts Received		540
	(vi) Drawings	50000	
	Motor Vans		50000

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Working (11)

R = Rate } sum W = Run down

(ii) R = Electricity } sum W = Draw 250
A/c Electricity } sum Account

(iv) R = Bal } W = Bal ?
Why }

(v) R = Trade Pay } sum W = Tax } 450
Dr Rec } sum Rn }

- 6b) (i) = error of omission
 (ii) = error of commission
 (iii) = ~~error~~ of ~~principle~~ transitional error

- 6c) - Business entity concept has been violated.
 - The concept states that the business is regarded as a ~~separate~~ legal entity separated from its owner.
 - The ~~non-current~~ asset Motor Van is owned by the business but not the owner Elsa
 - If the owner Elsa took over the Motor Van, the action should be treated as drawings
 - correct entries = Dr Drawings 50000
 Cr Motor Vans 50000

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a1)	Total production overhead	\$000
	Supervisor's salary	286
	Depreciation on equipment	80
	Rent	144
	Total production overhead	<u>510</u>

~~⊗~~ Total labour hour = $\frac{1}{3} \times 2400 + \frac{1}{2} \times 1800$
 = 1700 labour hour

∴ predetermined fixed production overhead absorption rate
 = $\frac{510000}{1700}$
 = \$300 / direct labour hour

a11)		\$ per box
	Direct materials	120
	Direct labour ($90 \times \frac{1}{2}$)	45
	Variable production overhead	15
	Fixed production overhead ($300 \times 900 \div 1800$)	<u>150</u>
	Total production cost (per box) of cupcakes	<u>330</u>

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b)

Produce
\$

Purchase
\$

Purchases cost $(170 \times 2400 + 270 \times 1800)$

824000

Total production cost $(330 \times 1800 + 165 \times 2400)$

990000

Opportunity cost = Rent

144000

Depreciation on equipment

80000

~~Cost~~ Total cost

1214000

824000

i) No, as the cost of purchasing is $(1214000 - 824000)$
= \$320000 lower than that of producing

Workings:

\$ per box

Direct materials

20

Direct labour $(10 \div 3)$

30

Production overhead = Variable

15

Fixed $(300 \div 3)$

100

Total production cost per box of ~~cookies~~ cookies

165

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	Cookies		Cupcakes		Shortbread	
	\$	\$	\$	\$	\$	\$
Selling price per box ^{box}	290		390		370	
Less Variable cost per box ^{box}						
Direct materials	20		120		180	
Direct labour	30		45		15	
Variable production overhead	15	65	15	180	15	210
Contribution per box	<u>225</u>		<u>210</u>		<u>160</u>	
Direct labour hour per box	<u>$\frac{1}{3}$</u>		<u>$\frac{1}{2}$</u>		<u>$\frac{1}{6}$</u>	
Contribution per direct labour hour	<u>675</u>		<u>420</u>		<u>960</u>	
7c) Ranking	2		3		1	
Total Direct labour hour			<u>hour</u>		<u>hour</u>	2000
Less Direct labour hour used						
Shortbread ($3900 \div 6$)			650			
Cookies ($2400 \div 3$)			<u>800</u>		<u>1450</u>	
Direct labour hour for cupcakes					<u>550</u>	
production quantity for cupcakes (550×2)					<u>1100</u>	boxes
i. Annual production quantity = Cookies						= 2400 boxes
						Cupcakes = 1100 boxes
						Shortbread = 3900 boxes

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a) Statement to calculate the cost of new office equipment

	\$	\$
Trade In value		22000
Purchase cost		140000
Delivery cost		5000
Insurance during delivery		1000
Cost of the new office equipment		<u>168000</u>

(w1)

~~100000~~ ~~100000~~

$$\begin{aligned} \text{Loss on disposal of equipment} &= \\ &= 100000 - 100000 \times 10\% \times \frac{9}{12} - 52500 - 22000 \\ &= \$ 18000 \end{aligned}$$

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		\$	\$
86) Nany Company Limited			
Income Statement for the year ended 31 December 2014			
Sales	(130000 - 30000 × 25%)		1372500
Less Cost of goods sold			
Opening Inventory		156000	
Add Purchases		<u>890000</u>	
		1046000	
Less Closing Inventory &	(20000 × 80% + 49980)	<u>281980</u>	<u>764020</u>
Gross Profit			608480
608480			
Less Expenses			
Administrative expenses	(345000 + [1570000 × 10% × $\frac{1}{12}$ + (1570000 - 40000) × 10% × $\frac{3}{12}$ + 168000 × 10% × $\frac{2}{12}$] + 18000 (W1) - (140000 - 5000 - 10000))	377200	
		322000	
		377000	
Selling and distribution expenses	(288000 + 2000)	288000	670650
debtentive Interest	(150000 × 6% × $\frac{6}{12}$)	<u>4500</u>	322600 670400
Net loss		288000 (6200)	(61500)
Add Retained Profited bld			210000
Bel old		<u>147800</u>	<u>420000</u>
		420000 + 420000	

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26/1
 Agency Company Limited
 Statement of financial position as at 31 December 2014

Bal b/d	\$	\$ 147880
Less Appropriation		
Transfer to general reserve	100000	<u>100000</u>
Retained Profit c/d		<u>47880</u>

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Nancy Company Ltd			
Statement of financial position as at 31 December 2014			
	Cost	Accumulated Depreciation	Net book Value
	\$	\$	\$
Non-current Assets			
Office equipment	(1570000 - 100000 + 168000) <u>1638000</u>	(w2) 447700	1190300
	(w2) $(1570000 \times 10\% \times \frac{9}{12} +$ $(1570000 - 40000) \times 10\% \times \frac{3}{12} + 168000 \times 10\% \times \frac{7}{12}$ $+ 340000 - 52500$		
Current Assets			
Inventory		281980	
Trade Receivables		321900	
			<u>603880</u>
			<u>1794180</u>
Financed by			
Capital and Reserves			
Ordinary share capital \$5 each			1200000
General reserves 100000			100000
Retained profit			47800 48000
			<u>1347800</u>

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Non-current liabilities

\$

\$

6% debentures

150000

149980

Current liabilities

Trade Payables (247800 - 7500)

240300

Bank overdraft (42000 - 2000)

40000

Accrued debenture interest ($150000 \times 6\% \times \frac{6}{12}$)

4500

284800

178280

8c) According to prudence concept, the assets should not be overstated and liabilities should not be understated. If the inventory is damaged and the net realisable value decreases, we should record the lower of net realisable value and cost price. So the account treatment should be

Dr Cost of goods sold 8020

Cr Inventory ($22000 \times 20\% - 48980$) 8020

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Comments

The candidate demonstrated comprehensive knowledge and understanding of the accounting concepts covered in the syllabus. He/she was able to communicate ideas effectively in a logical and coherent manner with appropriate use of accounting terminology.

In the practical questions, the candidate demonstrated a good ability to apply his/her knowledge towards solving many problems in unfamiliar situations. The candidate was fully aware of the accounting treatments and adjustments required for Questions 1, 2, 5 and 6. The financial statements were properly drawn up in Question 8. Costing Questions 3, 4 and 7, which demanded synthesis and evaluation skills, were well answered.

In answering the theoretical questions, the candidate was able to communicate his/her arguments effectively. In Questions 2(b), 6(c) and 8(c), the candidate was able to give appropriate points or explanations for the issues relating to the advantage of maintaining control accounts, and the business entity and prudence concepts.

In summary, the answers provided by the candidate were comprehensive and logical, and demonstrated very good analytical skills and evaluation of various accounting topics. This piece of work is of Level 5 in the HKDSE reporting scale.

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Firstly, using budgetary control may not be accurate as there might be variance due to the external environment. External business environment may increase or decrease the sale price (e.g. inflation, deflation by economic factor), the sales volume (e.g. culture and trend by sociocultural factor), which all these are not able to estimate in the budget, so it will be not accurate to assess the sales performance.

Secondly, budgetary control cannot estimate the sales performance accurately as the performance may be affected by other Marketing functions. Only using budgeting is ~~not enough~~ ~~to know the~~ to assess the actual expenses is not enough to know the actual performance. There are other factors that varies the sales performance such as marketing mix strategies, which budgeting can only know the expenses, but not the sales performance.

~~Thirdly,~~

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Thirdly, budgetary control is not effective as it is a 'past estimation'. Assessment of the sales department's performance should use the actual sales & profits made by the department. It is more objective and accurate because they are 'facts' but not 'estimation'.

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Firstly, the convenience store can adopt 'risk reduction'. It refers to reducing the frequency of risk (shoplifting in the case) and severity (value of shoplifted products). For example, the convenience can install security cameras in the shop, having detector/sensor at the exit of the store to reduce frequency of shoplifting. While putting relatively high value price products near to the cashier and places staff can easily see, to reduce the severity of shoplifting.

Secondly, the convenience store can adopt 'risk transfer'. It refers to transferring the risk (shoplifting) to 3rd parties to reduce the tolerated loss. For example, the convenience store may purchase insurance for goods in the store. When there's shoplifting and loss appears, the store can still claim the loss from the insurance company, dealing the loss by shoplifting.

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Firstly, providing orientation programs can let new employees to know their rights and responsibilities. Through the orientation programs new employees are given a talk / information / staff manuals which state the rights ~~of the new employees~~ (what they can do during the working hours) and responsibilities (e.g. what rules and regulations they should follow and comply) of staff in the company.

Secondly, it can help to build a harmonious relationship between new employees and existing staff. Orientation programs e.g. having a lunch gathering or introducing new employees to current staff may let each other get to know one another in a relatively less stressful working environment. So they may be able to develop a good impression and better understanding of each other, thus to build a long term harmonious working relationship.

Thirdly, it can help new employees understanding the company's goals and objectives. Orientation programs for example, a welcome gathering held by the manager of

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Top management, telling new employees the current situation of the company - company's objective and vision. New employees will be more able to understand their employer's expectations and overall goal of the company. It also helps to give a general/overall direction to newly employed staff and they will not feel frustrated and try to put effort, achieving company's goals and objectives.

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Four ordinance that help protect consumer rights in Hong Kong
are: Trade description Ordinance;
Sales of goods Ordinance;
Food safety ordinance and
Toys and children's products safety ordinance.

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(b) Firstly, advertisement in the promotion mix may stimulate the sales in its own retail stores. By putting advertisements on TV, bus or newspaper, telling potential or current customers that their own retail stores offering extra gifts ^{or samples} comparing retailers like supermarkets and specialty stores. It can raise the awareness of people and attract new customers as well as having more current customers who buy the company's product at supermarket or specialty stores, hence boost the sales of its own stores.

Secondly, sales promotion in the promotion mix may also stimulate sales. Lucky can use discount pricing strategy, lowering the price of products sold in its own retail stores. This short-term incentive can boost the sales of its own retail stores as it is differentiated from its retailers, shifting the customers to its own stores from retailers and hence stimulate the sales.

Thirdly, public relations in the promotion mix may also stimulate sales. Lucky can hold regular talks ^{in its own retail stores}, inviting media press and the public to attend. Lucky can emphasize the long

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history of his company in selling health food. Thus to build a good branding and image to the society. ~~So that people who go to the talk.~~ Also, telling tips that people can have a healthy diet. So that people will be interested in the company's products and hence buy directly right at these regular talks. It can boost the sales in its own retail stores.

(c) According to McGregor's Theory X and Theory Y, it labels people with negative views (Theory X) and positive views (Theory Y).

In this case, employees in the company is classified with Theory X employees because they have the characteristics like don't like working (high absenteeism) and not willing to work hard.

So the solution to motivate and making Theory X employees to work hard is to use strict controls, for example having close supervision and coercion. Theory X employees need people to force them with strict controls so that they will work harder.

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(d) Non-monetary rewards that Lucky could give to its salespeople in order to motivate them are:
giving medical allowance, transport allowance, some pay leaves throughout a year and special staff discounts on buying company's products.

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(a) (i) Total assets turnover in 2013:

$$\frac{30,000,000}{12,500,000} = 2.4 \text{ times}$$

Total assets turnover in 2014:

$$\frac{35,000,000}{17,500,000} = 2 \text{ times}$$

(ii) The total assets turnover lowers from 2013 to 2014 by 0.4 times.

The reason for the decrease is because the total assets has increased. It may be caused by purchasing more amount of advanced fitness equipments.

(b) In terms of variability, it refers to the inconsistency in service due to the time, location or people (trainers in this case). It is found out that some trainers are often found chatting with customers and it may affect the overall service quality and the image of the

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company. Also, it makes customers find that the service quality varies due to the different trainers having different behaviour. So the company may promote trainings to all fitness trainers. In the training, the company may provide standardise rules and guidelines on how to interact and behave during the working time. Telling that chatting with customers is not allowed. So it can reduce the inconsistency of trainers behaviour and thus improve service quality.

In terms of separability, it states that service providers (trainers) cannot separate with consumers (customers). So that the difficulty of booking trainers occurs as all trainers are providing service and cannot take new customers. To relieve the problem, the company may try to hire extra trainers to meet the customers' demand. With more trainers available, customers will be easier to book them and thus enhance the service quality.

In terms of perishability and fluctuation of demand, it states that services are perishable and cannot be stored. When sudden increase in demand (e.g. in the case, having a long queues to use fitness equipment during peak hours)

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may negatively affect the service providing quality. So to meet with increasing and fluctuating demand especially during peak hours, the company may shift some demand to non-peak hours (eg weekdays) by giving special discounts (eg cheaper fees). Also, the company may adopt booking system during the peak hours, to arrange a better and stable demand during peak hours where adequate supply of frames can be provided, to enhance the service quality.

(c) Firstly, conducting interview is costly. As interview is usually needed to be conducted by an interviewer and interviewee(s), it costs more time cost and manpower cost. In this case, the company needs to arrange some Human Resources manager to conduct interview, which they might be busy. Also, it takes relatively longer time to conduct interview which costs high time cost compare to other selection method.

Secondly, it contains subjective and/or personal bias. It is based on interactions and the process of conversations. And the interviewer may have personal bias on the

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appearance of the beauty consultants as they may think this is important. However, there's no standard and norms for judging. So it may not be a fair and objective way for choosing consultants. They should pay attention to consultants' knowledge and experiences (objective information).

(d) For product strategy, the growth stage of beauty service is that companies mainly focus on giving product support service in order to maximise the market share. In this stage, the beauty centre may provide more professional product and service support service. For example, the beauty centre may provide consultation and detail testing on skin and beauty care. By providing extra product-related services, it can attract and maximise the market share.

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For price strategy in growth stage, products usually lower the selling price to attract customers and maximise the market share. In order to maximise the market share of skin and beauty business, the centre may try to adopt discount pricing and competitive pricing strategy. By lowering the price and relatively competitive price in the market, it can attract customers and boost the market share.

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(a) Market segmentations that hotel can be use are geographic, demographic, psychographic and behavioural.

In terms of geographic segmentation, which means the target customers can be divided according to different nationalities and different countries. As banquet service is different with different countries' culture. The company may offer different kinds of banquet service. For example, having Chinese wedding banquet which 'red' as the main theme to meet its culture while having Western wedding banquet which 'white' as the main theme to meet its culture. Also, the content of banquet may also change according to countries, e.g. Westerners prefer having buffet-banquet while Chinese prefer having same types of dishes all together in sequence. It helps to segmentate the services content as well as design.

In terms of demographic segmentation, which means segmentate the market according to sex, age, income, education level etc. Different income level of customers desire different level of banquet service qualities. For example, rich people may

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want high quality setting with expensive and valuable food, while low income people may just need basic settings and economically food in their banquet party. Also different ages of people want different services. For example, young kids' birthday banquet wants modern and funny settings while elders may just want traditional and classic settings in their birthday banquet.

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In terms of Psychographic segmentation, which means the market is divided according to the personality, lifestyle and social class. The content of banquet service varies in accordance. For example, people who are environmentally-friendly may request a simple and adequate amount of food to prevent wastes. Some people with slow-paced living style may request a longer banquet time and slow food settings.

In terms of behavioural segmentation which means the market is divided according to benefit sought, special occasions user status, loyalty status and usage rate. The content and requirement will be different. For example, special occasions like Christmas people may desire to have special Christmas theme in their

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Also, competitor situation is also important to be considered. It means how strong and competitive other hotels are in the same market segment. For example, if the high income group market segment has a lot of strong competitors and/or it is a monopolistic market segment, it is not a good segment to choose. It is because the profit possible ~~and~~ is low and there'll be keen competition.

Lastly, the resources available to access the target market is also important to be considered. As the ability to contact target market customers greatly affect their sales and profit, ~~it is~~ it is important to know the resources available, e.g. promotion to attract elderly customers via TV or newspaper, ~~it should~~ The feasibility should be considered. To assess whether elderly can get these information, if not, it is not a good choice to choose the elderly market.

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Comments

With few exceptions, the candidate demonstrated comprehensive knowledge and understanding of business management concepts. The candidate was able to apply those concepts in analysing management problems in different settings. He/She was able to communicate ideas and arguments in a logical and coherent manner using appropriate business terminology.

The candidate has clear ideas on the limitations of using budgetary control to assess the performance of a sales department as in Question 1. In Question 2, the candidate showed him/herself to be quite familiar with various risk management strategies and applied them in an appropriate way. In Question 3, the candidate had some good ideas about how an orientation program might benefit a company. In Question 4, the candidate was able to identify suitable examples for “input” and “output” specified in Adams’ Equity Theory. The answer in Question 5 showed that the candidate has good knowledge of different consumer protection related ordinances.

In Question 6, the candidate discussed clearly how Lucky could tighten the credit to retailers with reference to different elements of credit policy. The candidate also showed he/she has a clear concept of the different elements of a promotion mix and was able to answer how these elements could be used to stimulate the sales of the company’s retail stores. Also an assumption of Theory X was identified and the impacts of strict control over the workers were explained, though the suggested non-monetary rewards were a bit limited. In Question 7, the candidate calculated the total asset turnover correctly, though more explanation can be given for the change in the total asset turnover. The understanding of different service characteristics was quite good and their applications were mostly appropriate. The candidate also had some ideas of the limitations of using interviews as a means of choosing beauty consultants. Lastly, suitable product and pricing strategies were suggested, though more was needed in explaining the characteristics of the growth stage of the product life cycle.

For Question 9, the candidate showed good understanding of the different bases of market segmentation and the discussion clearly referred to the case context. Also major factors for determining the target market for the banquet service were highlighted.

This piece of work is of Level 5 in the HKDSE reporting scale.