

只限教師參閱

FOR TEACHERS' USE ONLY

香港考試及評核局

HONG KONG EXAMINATIONS AND ASSESSMENT AUTHORITY

香港中學文憑考試

HONG KONG DIPLOMA OF SECONDARY EDUCATION EXAMINATION

練習卷

PRACTICE PAPER

企業、會計與財務概論 試卷一

BUSINESS, ACCOUNTING AND FINANCIAL STUDIES PAPER 1

評卷參考

MARKING SCHEME

(2012年2月29日修訂稿)

(updated as at 29 Feb 2012)

本評卷參考乃香港考試及評核局專為本科練習卷而編寫，供教師和學生參考之用。學生不應將評卷參考視為標準答案，硬背死記，活剝生吞。這種學習態度，既無助學生改善學習，學懂應對及解難，亦有違考試着重理解能力與運用技巧之旨。

This marking scheme has been prepared by the Hong Kong Examinations and Assessment Authority for teachers' and students' reference. This marking scheme should NOT be regarded as a set of model answers. Our examinations emphasise the testing of understanding, the practical application of knowledge and the use of processing skills. Hence the use of model answers, or anything else which encourages rote memorisation, will not help students to improve their learning nor develop their abilities in addressing and solving problems.



Marking Scheme**General Notes for Teachers on Marking**

1. This marking scheme has been updated, with revisions made after the scrutiny of actual samples of student performance in the practice papers. Teachers are strongly advised to conduct their own internal standardisation procedures before applying the marking schemes. After standardisation, teachers should adhere to the marking scheme to ensure a uniform standard of marking within the school.
2. The marking guidelines will only list a set of suggested marking criteria for each question for teachers' reference. They should not be regarded as sets of model answers. Alternative answers are also accepted as long as they are reasonable.
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 if a student gives three answers, only the first two should be marked.
4. The general guidelines for points which are awarded 1 to 2 marks each are as follows:

0 mark	:	irrelevant or ambiguous answers
1 mark	:	mention of key concept or words
2 marks	:	explanation of the concept stated

SECTION A

- | | | |
|-------|-------|-------|
| 1. D | 11. A | 21. C |
| 2. B | 12. C | 22. D |
| 3. C | 13. D | 23. C |
| 4. A | 14. B | 24. D |
| 5. B | 15. A | 25. A |
| 6. A | 16. D | 26. A |
| 7. B | 17. B | 27. B |
| 8. A | 18. A | 28. B |
| 9. D | 19. B | 29. D |
| 10. C | 20. C | 30. C |

SECTION B

QUESTION 1

Marks

- employees: e.g. provide a safe and healthy working environment
 - customers: e.g. assure property quality
 - suppliers: e.g. make payment timely
 - creditors: e.g. pay interest and principal on time
 - the government: e.g. pay taxes on time
- (2 marks for each relevant point, max. 6 marks)

6

Total: 6 marks

QUESTION 2

- Current ratio of Glassy Ltd is higher than that of Pearl Ltd which indicates its greater ability to meet short-term obligations. 1
- Quick ratio of Glassy Ltd is lower than that of Pearl Ltd which means it is less able to pay its immediate debt. 1
- However, as the current ratio of Pearl Ltd is more comparable to the industrial average, the higher current ratio of Glassy Ltd might imply its inability of using available resources to grasp investment opportunity. 2
- Besides, the significant difference between the quick ratio and current ratio of Glassy Ltd as compared with Pearl Ltd might imply Glassy Ltd is tied up with excessive inventories or other prepayments. 2

Total: 6 marks

QUESTION 3

- (a) Monthly instalment for Plan A:
 $[\$4800 \times (1+5\%)] / 12$
 = \$420.00 1
- Monthly instalment for Plan B:
 $\$4800 / 11.255$
 = \$426.48 1
- (b) – Plan A 1
 – monthly instalment paid is less than that of in Plan B 1

Total: 6 marks

QUESTION 4

Marks

(a)		<i>Third liners</i>	<i>Blue Chips</i>
–	volatility of stock prices	larger	smaller
–	turnover of stock trading	smaller	larger
–	risk associated	higher	lower

4

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

- (b) market risk
- affected by overall financial market which is uncontrollable

1

1

Total: 6 marks

QUESTION 5

- (a) Reasons: 2
- for external user: e.g. investors to make investment decision
 - for internal users: e.g. managers to formulate financial plans
 - to comply with legal requirements
- (1 mark for each relevant reason, max. 2 marks)

(b)

Mr Cheung				
Income statement for the year ended 31 December 2011				
	\$	\$		
Sales		188 000		½
Less: Returns inwards		5 500		½
		182 500		
Less: Cost of goods sold				
Opening inventory	45 000			½
Add: Purchases	92 100			½
	137 100			
Less: Returns outwards	4 400			½
	132 700			
Less: Closing inventory	38 000	94 700		½
Gross Profit		87 800		
Less: Expenses				
Salaries	31 000			½
Rent and rates	22 000			½
Carriage outwards	1 900			½
Discount allowed	2 700	57 600		½
Net Profit		30 200		½

Total: 8 marks

QUESTION 6

Marks

	<i>Tall-type</i>	<i>Flat-type</i>
(1) layers	more	less
(2) span of control	narrower	wider

- (a) 1
- (b) Reasons: 4
- speed up decision-making
 - increase management flexibility
 - improve communication
- (2 marks for each relevant reason, max. 4 marks)
- (c) Advantages: 2
- speedy transmission of information
 - simultaneous dissemination of information to multiple recipients
 - feedbacks can be received instantly
- (1 mark for each relevant advantage, max. 2 marks)

Total: 8 marks**END OF PAPER 1**

只限教師參閱

FOR TEACHERS' USE ONLY

香港考試及評核局

HONG KONG EXAMINATIONS AND ASSESSMENT AUTHORITY

香港中學文憑考試

HONG KONG DIPLOMA OF SECONDARY EDUCATION EXAMINATION

練習卷

PRACTICE PAPER

企業、會計與財務概論 試卷二甲

BUSINESS, ACCOUNTING AND FINANCIAL STUDIES PAPER 2A

評卷參考

MARKING SCHEME

(2012年2月29日修訂稿)

(updated as at 29 Feb 2012)

本評卷參考乃香港考試及評核局專為本科練習卷而編寫，供教師參考之用。教師應提醒學生，不應將評卷參考視為標準答案，硬背死記，活剝生吞。這種學習態度，既無助學生改善學習，學懂應對及解難，亦有違考試着重理解能力與運用技巧之旨。因此，本局籲請各位教師通力合作，堅守上述原則。

This marking scheme has been prepared by the Hong Kong Examinations and Assessment Authority for teachers' reference. Teachers should remind their students NOT to regard this marking scheme as a set of model answers. Our examinations emphasise the testing of understanding, the practical application of knowledge and the use of processing skills. Hence the use of model answers, or anything else which encourages rote memorisation, will not help students to improve their learning nor develop their abilities in addressing and solving problems. The Authority is counting on the co-operation of teachers in this regard.



Marking Scheme**General Notes for Teachers on Marking**

1. This marking scheme has been updated, with revisions made after the scrutiny of actual samples of student performance in the practice papers. Teachers are strongly advised to conduct their own internal standardisation procedures before applying the marking schemes. After standardisation, teachers should adhere to the marking scheme to ensure a uniform standard of marking within the school.
2. The marking guidelines will only list a set of suggested marking criteria for each question for teachers' reference. They should not be regarded as sets of model answers. Alternative answers are also accepted as long as they are reasonable.
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 if a student gives three answers, only the first two should be marked.
4. The general guidelines for points which are awarded 1 to 2 marks each are as follows:

0 mark	:	irrelevant or ambiguous answers
1 mark	:	relevant phrases containing key words that answer the question
1 to 2 marks	:	a relevant answer with a brief explanation of the concept/key words stated

QUESTION 1

Marks

		Bank					
2011		\$	2011	\$			
1	Dec 31	Balance b/d	4 000	Dec 31	Bank charges (i)	496	1
		Trade receivables (ii)	7 933		Balance c/d	11 437	1
			<u>11 933</u>			<u>11 933</u>	

(3)

		VM Ltd				
		Bank reconciliation statement as at 31 December 2011				
		\$	\$			
		Balance as per adjusted bank account	11 437			
Add:		<u>Unpresented cheques (iii)</u>				
	30801	2 453				½
	30834	<u>3 758</u>	<u>6 211</u>			½
			17 648			
Less:		<u>Uncredited deposit (iv)</u>	<u>5 100</u>			½
		Balance as per bank statement	<u>12 548</u>			½

(2)

- (c) Uses: 2
- locating accounting errors either made by the bank or by the firm
 - explaining differences at a given date between the balance of the bank account as shown in the firm's cash book and the balance of bank statement as prepared by the bank
 - preventing fraud by employees
- (1 mark for each relevant use, max. 2 marks)

Total: 7 marks

QUESTION 2

		Perry Ltd				
		Income statement for the month ended 31 January 2012 using absorption costing				
		\$	\$			
Sales			1 298 000			½
Less: Cost of goods sold						
	Direct materials	300 000				½
	Direct labour	350 000				½
	Variable production overheads	175 000				½
	Fixed production overheads absorbed	<u>275 000</u>				1
		1 100 000				
Less: Closing inventory (\$4.4 × 30 000)		<u>132 000</u>	<u>968 000</u>			2
Gross profit			330 000			½
Less: Variable selling and administrative expenses		33 000				½
	Fixed selling and administrative expenses	<u>110 000</u>	<u>143 000</u>			½
Net profit			<u>187 000</u>			½

(7)

- (b) Advantages: 2
- inventory valuations will not be distorted by the changes in current year's fixed costs
 - enables the company to concentrate on its controllable aspects by separating its fixed and variable costs
 - helps management to make production and sales decisions with the calculated marginal costs information
- (1 mark for each relevant advantage, max. 2 marks)

Total: 9 marks
(Presentation: +0.5 mark)

QUESTION 3

Marks

(a) (1) Trade receivables collection periods = $\frac{(\$856\,000 + \$996\,000)/2}{\$10\,186\,000} \times 12 \text{ months}$
= 1.1 months 1

(2) Inventory turnover = $\frac{\$7\,182\,500 \text{ (W1)}}{(\$878\,000 + \$990\,000)/2} = 7.7 \text{ times}$ 2

(W1) Cost of goods sold = $\$878\,000 + \$7\,294\,500 - \$990\,000$
= $\$7\,182\,500$

(b)

Journal			
	Dr	Cr	
2011			
December 31	\$	\$	
(i) Profit and loss / Interest expense	5 050		½
Accrued loan interest		5 050	½
(ii) Accumulated depreciation – Motor vehicles	40 000		½
Cash	48 000		½
Motor vehicles		80 000	½
Profit and loss / Gain on disposal of motor vehicles		8 000	½
			(3)

- (c) Accrual concept 1
- Unpaid loan interest should be credited to accrued loan interest account to represent an increase in current liability in 2011. 1
 - The loan interest incurred should be debited in the profit and loss account as an increase in operating expenses of 2011.
- (1 mark for each relevant point, max. 1 mark) (2)

Total: 8 marks
(Presentation: +0.5 mark)

QUESTION 4

Justifications: 6

- vast quantities of data can be processed in a shorter time
- accounting data can be retrieved instantly and easily from the system
- reports can be tailored for users of different purposes
- human errors can be minimised

(2 marks for each relevant justification, max. 6 marks)

Total: 6 marks

QUESTION 5

Marks

- (a) Sales Ledger Control
- | | \$ | | \$ | |
|---------------------------------------|----------------|-----------------------|----------------|---|
| Balance b/d | 59 090 | Returns inwards (iii) | 2 160 | 1 |
| 1 Sales (iv) | 68 900 | Discounts allowed (v) | 400 | 1 |
| 2 Sales (\$48 600 × 1.25 × 40%) (vii) | 24 300 | Bad debts (vi) | 2 500 | 1 |
| | | Balance c/d | 147 230 | 1 |
| | <u>152 290</u> | | <u>152 290</u> | |
- (7)
- (b) Suspense account
- | | \$ | | \$ | |
|----------------------------------|--------------|---------------------------------|--------------|---|
| 1 Balance b/d (Balancing figure) | 3 110 | Returns inwards (iii) | 2 160 | 1 |
| 1 Sales (ii) | 1 800 | Bad debts (vi) (\$2500 + \$250) | 2 750 | 2 |
| | <u>4 910</u> | | <u>4 910</u> | |
- (5)
- (c) The qualitative characteristics: 4
- Relevance: information should be valuable to decision makers
 - Reliability: information should be free from error or bias
 - Comparability: financial statements should be comparable over time and consistent in practice
 - Understandability: information should be given in a useful and clear format for users
- (2 marks for each relevant explanation, max. 4 marks)

Total: 16 marks

QUESTION 6

- (a) (1) Revaluation Account
- | 2011 | \$ | \$ | 2011 | \$ | |
|--------------------------------------|-----------------------|----------------|--------------------------|----------------|---|
| ½ Allowance for doubtful debts (iii) | | 2 600 | Premises (ii) | 550 000 | ½ |
| ½ Inventory (iii) | | 2 400 | Plant and equipment (ii) | 43 000 | ½ |
| <u>Gain on revaluation</u> | | | | | |
| 1 { | Capital – Alice (3/6) | 294 000 | | | |
| | – Brian (2/6) | 196 000 | | | |
| | – Clara (1/6) | 98 000 | | | |
| | | <u>588 000</u> | | | |
| | | <u>593 000</u> | | <u>593 000</u> | |
- (3)
- (2) Capital accounts
- | | Alice | Brian | Clara | | Alice | Brian | Clara | |
|-----------------------|----------------|----------------|----------------|---------------------|----------------|----------------|----------------|---|
| | \$ | \$ | \$ | | \$ | \$ | \$ | |
| 1 Goodwill adjustment | | 70 000 | 140 000 | Balance b/d | 276 000 | 468 000 | 395 000 | |
| 1 Motor vehicles | | 11 000 | 11 000 | Goodwill adjustment | 210 000 | | | 1 |
| ½ Loan – Alice | 680 000 | | | Revaluation | 294 000 | 196 000 | 98 000 | ½ |
| ½ Bank | 100 000 | | | | | | | |
| ½ Balance c/d | | 583 000 | 342 000 | | | | | |
| | <u>780 000</u> | <u>664 000</u> | <u>493 000</u> | | <u>780 000</u> | <u>664 000</u> | <u>493 000</u> | |
- (5)

QUESTION 6 (Cont'd)

Marks

(3)

Brian and Clara
Balance sheet as at 1 January 2012

	\$	\$	\$	
Non-current Assets				
Premises			1 400 000	½
Plant and equipment			107 000	½
Motor vehicles (\$82 100 – \$22 000)			60 100	½
			<u>1 567 100</u>	
Current Assets				
Inventory		31 200		½
Trade receivables		21 200		½
Bank (\$135 500 – \$100 000)		35 500		½
		<u>87 900</u>		
Less: Current Liabilities				
Trade payables	28 600			½
Accrued expenses	21 400	50 000		½
		<u>37 900</u>		
<i>Net current assets</i>			<u>1 605 000</u>	
Less: Non-current Liabilities				
Loan – Alice			680 000	½
			<u>925 000</u>	
Financed by:				
Capital accounts				
– Brian			583 000	} ½
– Clara			342 000	
			<u>925 000</u>	

(5)

(b) The amount of \$6 000 000 should not be recognised.

1

Reasons:

2

- Prudence concept: the future benefits arising from the intangible asset are uncertain
- Money measurement concept: Alice's professional knowledge cannot be quantified and expressed in monetary terms
- Objectivity concept: the valuation is only a personal and subjective estimation

(2 marks for each relevant explanation, max. 2 marks)

(3)

Total: 16 marks
(Presentation: +1 mark)

QUESTION 7

Marks

	<u>Production department</u>		<u>Service department</u>		
	A	B	X	Y	
	\$	\$	\$	\$	
Direct allocation	272 500	211 500	65 000	50 000	1
Apportioned	<u>140 000</u>	<u>120 000</u>	<u>60 000</u>	<u>80 000</u>	1
	412 500	331 500	125 000	130 000	
Department X apportioned	75 000	50 000	(125 000)		1
Department Y apportioned	<u>39 000</u>	<u>91 000</u>		<u>(130 000)</u>	1
	526 500	472 500	0	0	

Predetermined overhead absorption rate:

Department A = $\$526\,500 / (12 \times 45 \times 50)$ = \$19.5 per direct labour hour 1½

Department B = $\$472\,500 / (6 \times 30 \times 50)$ = \$52.5 per machine hour 1½

(7)

(b) The production cost per unit of Product H:

	\$	
Direct material – A ($\$3 \times 10 \times 600$)	18 000	½
– B ($\$8 \times 2 \times 600$)	9 600	1
Direct labour ($\$50 \times 400 + \$50 \times 1.3 \times 50$)	23 250	½
Overheads – A ($\$19.5 \times 300$)	5 850	1
– B ($\$52.5 \times 100$)	<u>5 250</u>	1
Total production cost	<u>61 950</u>	

Unit production cost ($\$61\,950 / 600$) 1
(5)

(c) (1)	\$	
Actual overheads	560 800	½
Absorbed overheads ($\$19.5 \times 28\,300$)	<u>551 850</u>	1
Under-absorbed overheads	<u>8 950</u>	½

(2)

(2) Reasons: 4

- The actual overhead absorption rate (OAR) cannot be calculated until the end of the period, while predetermined OAR can be calculated prior to the accounting period using estimated or budgeted figures for overheads and units of the absorption base chosen,
- which could provide more information for decision making on pricing and cost control and,
- it is less volatile than the use of the actual OAR as actual overheads are subjected to fluctuations.

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

Total: 18 marks

QUESTION 8

Marks

(a) (1) the breakeven volume (in units) = $(\$280\,000 + \$158\,840) / \$13.8$ (W1) = 31 800 units 3

(2) the margin of safety (in sales dollars) = $\$2\,400\,000 - \$954\,000$ = \$1 446 000 2

(W1)	\$		
Direct material		9.8	
Direct labour		3.5	
Designer's fee		1.5	
Variable production cost		14.8	
Sales commission		1.4	
Total variable cost per unit		16.2	(5)

Contribution per unit = $\$30 - \$16.2 = \$13.8$

(b) Opportunity cost:
 – This is the cost that one forgoes by choosing a particular course of action. 1
 – Example: the opportunity cost of having the existing office area for the new sales team is the income forgone from subletting it to an outsider, i.e. \$20 000. 1

Sunk cost:
 – This is the cost that has already been spent on the acquisition of the resource, and is not affected by any subsequent events. 1
 – Example: the cost paid for the consultancy fees, i.e. \$120 000, has already been incurred and that cost will not be changed by any decision made in the future. 1

(c) Proposed scenario:	\$		
Increase / (decrease) in contribution:			
FS2 [$(\$30 \times 0.9 - \$16.2) \times 100\,000$] – $(\$13.8 \times 80\,000)$		(24 000)	2
FS4 [$(\$60 \times 0.9 - \20 (W2)) $\times 18\,750$] – $[\$40$ (W3) $\times 15\,000]$		37 500	2
		13 500	
Advertising ($\$12\,000/12$)		(1 000)	½
Increase in monthly profit		12 500	½

As the proposed scenario leads to an increase in monthly profit of \$12 500, it should be considered. 1
(6)

(W2)	\$	
Variable production cost		15
Sales commission		5
Total variable cost per unit		20

(W3) Contribution per unit = $\$60 - \$20 = \$40$

(d) Contribution from FS2 = $\$13.8 \times 10\,000 = \$138\,000$ ½
 Required contribution from FS4 = $\$557\,360$ (W4) – $\$138\,000 = \$419\,360$ 2½
 Monthly sales quantity that FS4 required to break even = $\$419\,360 / \$40 = 10\,484$ units 1
 Monthly sales revenue that FS4 required to break even = $10\,484$ units $\times \$60 = \underline{\underline{\$629\,040}}$ 1

(W4)	\$	
Fixed production overheads		280 000
Fixed administrative overheads		158 840
Factory rent		100 000
Depreciation of machine		18 520
Total fixed costs		557 360

Total: 20 marks

QUESTION 9

Marks

(a) (1)

BC Ltd		Income statement for the year ended 31 December 2011		
		\$	\$	
Sales			3 600 000	½
Less: Cost of goods sold				
Opening inventory	500 000			½
Purchases (Balancing figure)	2 400 000			1
	<u>2 900 000</u>			
Less: Closing inventory	1 100 000	<u>1 800 000</u>		½
Gross Profit (\$3 600 000 × 50%)			1 800 000	½
Less: Expenses				
Administration expenses	270 000			½
Selling and distribution expenses	645 000			½
Finance costs [\$1 000 000 × 6% + \$800 000 (W1) × 4%]	92 000			1½
Depreciation (W2)	180 000	<u>1 187 000</u>		½
Profit for the year			<u><u>613 000</u></u>	(6)

(2)

BC Ltd		Statement of financial position as at 31 December 2011			
		\$	\$	\$	
Non-current Assets					
Property, plant and equipment, net (\$480 000 + \$420 000 – \$180 000)				720 000	2
Current Assets					
Inventory		1 100 000			½
Trade receivables (\$3 600 000/12)		300 000			1
Cash at bank (Balancing figure)		9 983 000			½
		<u>11 383 000</u>			
Less: Current Liabilities					
Trade payables (\$2 400 000/12 × 3)	600 000				1
Accruals (\$270 000 × 1/3)	90 000	<u>690 000</u>			½
Net current assets				<u>10 693 000</u>	
				11 413 000	
Less: Non-current Liabilities					
Four-year bank loan		1 000 000			½
Five-year bank loan		800 000	<u>1 800 000</u>		1
				<u><u>9 613 000</u></u>	
Equity attributable to the owners of the company					
Ordinary shares of \$2 each, fully paid				4 000 000	1
Share premium				3 000 000	½
Retained profits (\$2 000 000 (W1) + \$613 000)				<u>2 613 000</u>	1½
				<u><u>9 613 000</u></u>	(10)

QUESTION 9 (Cont'd)

Marks

(b) Reasons:

4

- Ratios may not reflect the reality of a business as accounting figures are not adjusted for price-level changes.
- Analysis may not be comprehensive as only transactions expressed in monetary terms are included in the financial statements, while qualitative information is ignored.
- Short run fluctuations of the company may be hidden through window dressing.

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

(W1) The ratio of total non-current liability to total equity on 31 December 2010:

$$\frac{\$1\,000\,000}{\$2\,000\,000 + \text{Profit for 2010}} = \frac{1}{4}$$

$$\therefore \text{Profit for the year 2010} = \$2\,000\,000$$

The ratio of total non-current liability to total equity on 1 January 2011:

$$\frac{(\$1\,000\,000 + \text{New loan})}{(\$4\,000\,000 + \$2\,000\,000 + \$3\,000\,000)} = \frac{1}{5}$$

$$\therefore \text{New loan} = \$800\,000$$

(W2) Depreciation for the year:

$$(\$480\,000 + \$420\,000) \times 20\%$$

$$= \$180\,000$$

Total: 20 marks
(Presentation: +1 mark)

END OF PAPER 2A

只限教師參閱 FOR TEACHERS' USE ONLY

**香港考試及評核局
HONG KONG EXAMINATIONS AND ASSESSMENT AUTHORITY**

**香港中學文憑考試
HONG KONG DIPLOMA OF SECONDARY EDUCATION EXAMINATION**

**練習卷
PRACTICE PAPER**

**企業、會計與財務概論 試卷二乙
BUSINESS, ACCOUNTING AND FINANCIAL STUDIES PAPER 2B**

**評卷參考
MARKING SCHEME**

**(2012年2月29日修訂稿)
(updated as at 29 Feb 2012)**

本評卷參考乃香港考試及評核局專為本科練習卷而編寫，供教師參考之用。教師應提醒學生，不應將評卷參考視為標準答案，硬背死記，活剝生吞。這種學習態度，既無助學生改善學習，學懂應對及解難，亦有違考試着重理解能力與運用技巧之旨。因此，本局籲請各位教師通力合作，堅守上述原則。

This marking scheme has been prepared by the Hong Kong Examinations and Assessment Authority for teachers' reference. Teachers should remind their students NOT to regard this marking scheme as a set of model answers. Our examinations emphasise the testing of understanding, the practical application of knowledge and the use of processing skills. Hence the use of model answers, or anything else which encourages rote memorisation, will not help students to improve their learning nor develop their abilities in addressing and solving problems. The Authority is counting on the co-operation of teachers in this regard.



Marking Scheme**General Notes for Teachers on Marking**

1. This marking scheme has been updated, with revisions made after the scrutiny of actual samples of student performance in the practice papers. Teachers are strongly advised to conduct their own internal standardisation procedures before applying the marking schemes. After standardisation, teachers should adhere to the marking scheme to ensure a uniform standard of marking within the school.
2. The marking guidelines will only list a set of suggested marking criteria for each question for teachers' reference. They should not be regarded as sets of model answers. Alternative answers are also accepted as long as they are reasonable.
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 if a student gives three answers, only the first two should be marked.
4. The general guidelines for points which are awarded 1 to 4 marks each are as follows:

0 mark	:	irrelevant or ambiguous answers
1 mark	:	relevant phrases containing key words that answer the question
2 marks	:	a relevant point or answer with a brief explanation of the concept/key words stated
3 to 4 marks	:	a relevant point or answer elaborated with illustration of how it is related to the given scenario

QUESTION 1

Marks

Advantages:

4

- interest expenses are tax-deductible
- avoid dilution effect
- enjoy leveraging effect

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

QUESTION 2

Ratios and aspects of each measure:

4

- inventory turnover: measure the efficiency of using inventory in generating sales
- collection periods: measure the ability to collect receivables in a timely manner
- total assets turnover: measure the efficiency of using total assets in generating sales

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

QUESTION 3

Channels:

4

- job advertisements
- job fairs/walk-in days
- employment agencies / headhunters
- employees' referrals
- Labour Department

(1 mark for each relevant channel, max. 4 marks)

QUESTION 4

Types of measures:

6

- legislation
- consumer education
- product research and testing
- handling consumer complaints

(2 marks for each relevant type, max. 6 marks)

QUESTION 5

Differences:

6

	<i>Consumer market</i>	<i>Business market</i>
- Number of buyers	more	fewer
- Volume of each purchase	smaller	larger
- Purpose of purchase	consumption	production
- Relationship with sellers	shorter term	longer term

(2 marks for each relevant pair, max. 6 marks)

QUESTION 6

Marks

Differences:

6

<i>Conciliation</i>	<i>Arbitration</i>
– the third party (conciliator) acts as a liaison between the disputing parties	– the third party (arbitrator) reviews the dispute at a hearing
– the purpose is to allow management and labour to focus on issues and share information	– the purpose is to settle the dispute and give a decision
– can begin without the consent of both parties	– begins only if the two parties agree to proceed
– decision is not a must	– the decision is usually binding

(2 marks for each relevant pair, max. 6 marks)

QUESTION 7	Marks
(a) Advantages: <ul style="list-style-type: none">– maintain closer control– avoid duplication of effort– policies and work orders are more consistent and uniform (2 marks for each relevant advantage, max. 4 marks)	4
(b) (1) Maslow's Hierarchy of Needs Theory: <ul style="list-style-type: none">– physiological needs: deteriorating working conditions due to long working hours– safety needs: emotional insecurity due to customer complaints (2 marks for each relevant description, max. 4 marks)	4
(2) McGregor's Theory X and Theory Y: <ul style="list-style-type: none">– Theory X: underpayment– Theory Y: low autonomy (2 marks for each relevant description, max. 4 marks)	4
(c) Measures: <ul style="list-style-type: none">– formal and regular meetings– written rules and procedures– informal mechanisms (2 marks for each relevant measure, max. 4 marks)	4
(d) Steps: <ul style="list-style-type: none">– forecast manpower demand: e.g. plan for the expansion and IT development– estimate manpower supply: e.g. assess the turnover rate under different scenarios– compare manpower demand and supply: e.g. ascertain the skills deficiencies in IT development– develop action plan and follow up: e.g. recruitment and training (2 marks for each step, max. 8 marks)	8
(e) Other sources of funds: <ul style="list-style-type: none">– invite friends and / or relatives as partners– delay payment to creditors / speed up collection from debtors– apply for bank loans / borrow money from third parties (1 mark for each relevant source, max. 2 marks)	2

Total: 26 marks

QUESTION 8

Marks

(a)	Characteristics: – sales: low – profit: negative – costs: high cost per customer – customers: innovators – competitors: few (1 mark for each relevant characteristic, max. 4 marks)	4
(b)	(1) Payback period of the low-priced version: $\left[1 + \frac{40}{50} \right] \text{ years}$ $= 1.8 \text{ years}$ (2) NPV of the low-priced version: $\$ \left[-70\,000\,000 + \frac{30\,000\,000}{1.1} + \frac{50\,000\,000}{(1.1)^2} + \frac{80\,000\,000}{(1.1)^3} + \frac{60\,000\,000}{(1.1)^4} \right]$ $= \$99\,681\,033$	1 1 1 1
(c)	Reasons: – size of segment: number of customers in the general public segment is greater than that of the high income customers – company's resources: the company is short of capital and launching the low-priced version requires less capital and the payback period is shorter – company's objective: making the 4D portable electronic game device more affordable meets the company's objective – return/profitability: the NPV of launching the low-priced version is higher (2 marks for each relevant reason, max. 6 marks)	6
(d)	Marketing mix strategies: – product: basic product – price: penetration pricing – promotion: build product awareness, heavy sales promotion – place: selective distribution (2 marks for each relevant strategy, max. 8 marks)	8
(e)	(1) Reason: usage / wastage of raw materials is more than estimated (2) Reason: usage / wastage of labour is more than estimated	1 1
<u>Total: 24 marks</u>		

QUESTION 9

Marks

- | | | |
|-----|---|-----|
| (a) | Steps in conducting market research: | |
| | – define the problem and research objectives | 1 |
| | – develop the research plan: | 4 |
| | – specific information needs | |
| | – research approaches | |
| | – sampling plan / contact methods | |
| | – research instruments | |
| | – implement the research plan: | 2 |
| | – data collection | |
| | – data analysis | |
| | – interpret and report the findings | 1 |
| | | (8) |
| (b) | Other strategies: | 12 |
| | – risk avoidance: give up some high risk segments, such as staying away from politically unrest regions | |
| | – risk assumption: absorb the loss, such as setting up a reserve fund | |
| | – risk transfer: transfer the risk to a third party, such as by taking out insurance | |
| | (4 marks for each strategy, max. 12 marks) | |

Total: 20 marks

QUESTION 10

- | | |
|---|----|
| Human resources management functions: | 20 |
| – orientation: communication of the company's expectations | |
| – training: specialist training for key departments of the company | |
| – development: generalised development for senior management position | |
| – placement (job rotation): placement during their career path | |
| – compensation: performance-based reward system; promotion as reward; reward highly competitive as compared to the market | |
| – performance evaluation: frequent feedbacks | |
| (4 marks for each relevant function, max. 20 marks) | |

Total: 20 marks

END OF PAPER 2B