

South Tuen Mun Government Secondary School
Half-yearly Examination 2019-2020
S4 Business, Accounting and Financial Studies
Management Module
(This Question Answer Book consists of 8 pages)

Maximum marks: 80 (To be converted to 200 marks)

Time allowed: 2 hrs

Class: _____

Name: _____

Class No: _____

Answer ALL questions in this question-answer-book.

Section A: Multiple-choice questions (30 marks)

1. 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)

2. Which of the following are the advantages of a franchise?

- (1) Autonomy in operation and management
- (2) Well-known brand
- (3) Easy to set up
- (4) Large shop's benefit

A. (1) and (2) only

B. (3) and (4) only

C. (2), (3) and (4) only

D. (1), (2), (3) and (4)

3. Which of the following descriptions concerning joint venture is false?

- A. A joint venture can only be formed by two entities.
- B. A joint venture is legally separate from the partners in a joint venture.
- C. A joint venture is formed to achieve specific purposes.
- D. A joint venture can be formed by companies from different countries.

4. Which of the following are the common characteristics of a public corporation and a government department?

- (1) Wholly owned by the government
- (2) Separate legal entity
- (3) Set up through legislation
- (4) Provides services to the general public

A. (1) and (4) only

B. (2) and (3) only

C. (1), (2) and (4) only

D. (1), (2), (3) and (4)

5. Peter opened an upstairs bookstore in Causeway Bay last year. Unfortunately, because of rising rent and poor sales, he has to close the bookstore. Peter is heavily in debt. He sells his own properties to pay off the debt.

Which of the following is the disadvantage of this form of business ownership?

- A. Peter is required to disclose his bookstore's financial information.
B. Peter has to pay a higher rate of profits tax.
C. Peter cannot make decisions efficiently.
D. The bookstore's source of capital is limited to Peter's own savings or the retained profits.
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6. The advantages of a flat structure over a tall structure are

- (1) better communication (2) lower administration cost
(3) division of labour (4) flexible operation

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

7. _____ allow subordinates to make their own decisions and will not provide any instruction and guidance.

- A. Autocratic leaders B. Participative leaders
C. Laissez-faire leaders D. All of the above
-

8. Ricky is the CEO of an IT company. He plans to develop two virtual reality products this year. He then assigns both the production manager and the marketing manager to take charge of the plan. Which of the following management principles has been violated?

- A. Division of labour B. Unity of command
C. Unity of direction D. Management by Objectives
-

9. An online shop sets a goal for its employees as follows:

'Deliver value-added services to customers in 3 days upon request.'

Which characteristic of a SMART goal does the above goal violate?

- (1) Relevance (2) Measurable
(3) Attainable (4) Specific

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

10. Which of the following are reasons for planning?

- (1) Managers can anticipate potential problems.
(2) Employees can be given clear directions to follow.
(3) The need to group employees into departments.

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

11. Which of the following items is classified as an asset in Nana Company?
- A. Stationeries
C. Donations
- B. Loan to Dick Company
D. Interests Charged on overdue accounts
12. Mini Company has the following assets and liabilities: Cash at bank \$14 400; Premises \$5 200; Inventory \$500; Loan from Beef Company \$2 300; Accounts receivable \$3 200; Accounts payable \$2 400; Bank loan \$10 000
- A. \$8 600
C. \$6 300
- B. \$7 000
D. \$13 400
13. Which of the following would affect the 'Purchases' account?
- A. The business returned office equipment that does not fit to its supplier.
B. The business returned goods to the supplier and obtained cash refunds.
C. The business settled the amount owed to its supplier.
D. The owner withdrew goods from the business.
14. The owner used a personal cheque to pay for the rental of his firm's premises. The double entry for this transaction should be:
- A. *Dr* Rent account; *Cr* Bank account
B. *Dr* Rent account; *Cr* Capital account
C. *Dr* Drawings account; *Cr* Bank account
D. *Dr* Drawings account; *Cr* Capital account
15. Suppose the amount of total assets of a company is increased by \$10 000, which of the following statements is correct?
- A. The amount increased in total capital can be larger than \$10 000.
B. The cash balance must finally increase by \$10 000.
C. The amount of total liabilities must increase by \$10 000 simultaneously.
D. Both the total amount of capital and liabilities must increase.

End of Section A

Section B (10 marks)

Q1 Jenny's business had the following transactions during the month ended 31 October 2019:

- Oct 1 Jenny contributed a motor vehicle costing \$50,000 for business use.
- " 3 Jenny paid a \$500 electric bill for her private apartment with a cheque drawn on the business bank account.
- " 5 Purchased a \$50,000 motor vehicle for resale from Nancy Motor Co on credit.
- " 8 Jenny paid a \$4,300 electric bill for the business with her own money.
- " 29 Settled the Nancy Motor Co account by cheque.

Required: Prepare the accounts to record the above transaction. (10 marks)

2019	\$		2019	\$
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2019	\$		2019	\$
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2019	\$		2019	\$
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2019	\$		2019	\$
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2019	\$		2019	\$
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2019	\$		2019	\$
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2019	\$		2019	\$
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Section C (40 marks)

2. Suggest three ways that a cosmetics retail shop can segment its market demographically. (6 marks)

3. Suggest four conditions that can facilitate the implementation of a differentiated marketing strategy. (8 marks)

4. Compared with a mail questionnaire, a personal interview is costlier and slower in collecting data from respondents. However, it is still commonly used by companies. Explain two reasons for this. (4 marks)

5. List any three methods for collecting primary data in marketing research. (6 marks)

6. Established in 2018, Waffle offers a range of ready-to-wear which targets youths aged 18-25. Now Waffle has more than 10 stores in Hong Kong and is gaining international recognition with distribution channels in Singapore, Japan and Korea.

This year, Waffle will launch a new product line, i.e., shoes. Victoria, the CEO of Waffle, wants to diversify the products and penetrate the shoe market as quickly as possible.

‘Our products are too expensive. We can start with a lower price so that a large number of youngsters will be attracted to try our new shoes.’ said the production manager, Tony.

‘I think price is not the major issue. We can make use of the reference group concept to enter the new market quickly.’ said the marketing manager, Alice.

(a) Briefly describe the major steps in the decision-making process young people go through when buying a pair of shoes. (10 marks)

(b) Suggest two reasons why low prices might not necessarily drive young people to buy the newly launched shoes. (4 marks)

(c) How can Alice use the reference group concept to improve the popularity of the newly launched shoes? (2 marks)

End of Question-Answer-Book

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Section A: Multiple-choice questions (30 marks)

1. C	2. C	3. C	4. A	5. D
6. B	7. C	8. B	9. D	10. C
11. B	12. A	13. D	14. B	15. A

Section B: (10 marks)

Question 1:

Capital					
	2019		\$		
	Oct 1	Motor vehicles	50,000	<i>1</i>	
	"	8 Electricity	4,300	<i>1</i>	
Motor Vehicles					
2019			\$		
Oct 1	Capital		50,000	<i>1</i>	
Bank					
			\$		
	Oct 3	Drawings	500	<i>1</i>	
	"	29 Nancy Motor Co	50,000	<i>1</i>	
Drawings					
2019			\$		
Oct 3	Bank		500	<i>1</i>	
Purchases					
2019			\$		
Oct 5	Nancy Motor Co		50,000	<i>1</i>	
Nancy Motor Co					
2019			\$		
Oct 29	Bank		50,000		
		Oct 5	Purchases	50,000	<i>1 1</i>
Electricity					
2019			\$		
Oct 8	Capital		4,300	<i>1</i>	

Section C: (40 marks)

Question 2

The ways that a cosmetics retail shop can segment its market demographically include:

- Segment the market by age: As customers age, the types of cosmetics they require change.
- Segment the market by gender: Male and female customers have different approaches to grooming. They have different needs in their use of cosmetics.
- Segment the market by income level: Customers in different income levels will prefer different brands and qualities of cosmetics.
- Segment the market by race: Customers from different ethnic groups will have different grooming regimens and thus require different kinds of cosmetics.

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

(6 marks)

Question 3

Conditions that can facilitate the implementation of a differentiated marketing strategy include:

- The company has rich resources.
- The company can find ways to differentiate its product.
- The product is rather mature.
- The company faces keen competition.
- Consumer preferences and requirements for the product are diverse.
- Most of the company's competitors use an undifferentiated strategy.

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

(8 marks)

Question 4

- A personal interview allows a researcher to explain questions to respondents. The researcher can also ask follow-up questions during the interview.
- In a personal interview, the researcher may change the sequence of questions asked or skip some questions if necessary.
- A personal interview allows a researcher to get responses from a specific person. For example, if a cosmetics manufacturer wants to find out consumers' acceptance of its new product, the researcher may select female passersby as respondents.

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

(4 marks)

Question 5

The methods for collecting primary data in marketing research are:

- Survey research method: a systematic method of collecting needed information through questionnaires.
- Experimental research method: a quantitative research method that aims to explain the cause-and-effect relationship between variables.
- Qualitative research: a means of gaining more insight and understanding into a research issue from a relatively small number of people (usually less than 30).
- Observational research: a process of directly recording factual information, or observing and recording people's behaviour in a natural or planned setting.

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

(6 marks)

Question 6

(a) The five major steps in the decision-making process are:

- need recognition:
A young people may realize he wants to get a new pair of shoes. **(2 marks)**
- information search:
He then searches on the internet or shop around for the pair of shoes. **(2 marks)**
- evaluation of alternatives:
He will compare those shoes based on their styles, brand name, prices and etc. **(2 marks)**
- purchase decision:
He will then make a decision which pair to buy **(2 marks)**
- post-purchase behaviour:
After wearing them, the young people may be satisfied with the shoes and recommend to his friends **(2 marks)**

(b) The possible reasons are:

- Young people may perceive low-priced products are of lower quality.
- Young people may think that they will not be socially accepted if they wear a pair of cheap shoes.
- Young people may want to enhance their image with luxury products. Low-priced products may not serve this function.

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

(4 marks)

(c) Alice may hire a well-known movie star or pop singer as the spokesperson for her newly launched shoes. This would help improve the product popularity.

(2 marks)