

第10題

分數

(a) 採購決策過程：

- 認清問題：例如就地產項目確定新的市場需要
 - 確定產品需要及描述產品規格：例如產品的特點及數量
 - 尋找供應商：例如找出合資格的供應商及邀請他們提交標書
 - 評估及選擇供應商：例如審閱標書及基於價格、品質和聲譽等標準以選擇供應商
 - 評估整體表現：例如評估供應商的表現
- (每項適切的步驟2分，最高8分)

8

(b) 市場營銷策略的比較：

12

	商業購買者	個別消費者
產品	較客製化的產品 產品支援較為重要，例如較有系統的售後服務	較標準化的產品 通常提供有限期的保養服務
價格	出價競投及磋商；標準化產品則依據產品定價 大量購買的折扣	定價 促銷的折扣
推廣	採用適合於顧客集中的推廣策略，例如以公司的銷售隊伍作推廣	採用適合於顧客分散的推廣策略，例如大規模廣告
分銷	以公司的銷售隊伍作為直接渠道	以公司的零售店作為直接渠道

(每項適切的範疇3分，最高12分)

20分

卷二乙完

MARKING GUIDELINES

Paper 1
Compulsory Part

SECTION A

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

SECTION B

General Principles of Marking

1. The answers given in this marking scheme are 'suggestions' only. Other relevant answers will also be accepted.
2. Where the number of points required is specified in a question, markers will mark the first listed points up to the number required, and cross out other points as 'excess'.
3. The general guidelines for points which are awarded 2 marks each are as follows:
 - 0 mark - irrelevant or ambiguous answers
 - 1 mark - mention of key concept or words
 - 2 marks - briefly explained concept

QUESTION 1

Marks

Elements:

4

- mission and business objectives
- form of ownership
- operations management
- marketing management
- financial management
- human resource management
- contingency actions

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

4 marks

QUESTION 2

External factors:

- political/legal: government policies about licensing, rules and regulations
- economic: economic growth, income level and purchasing power
- socio-cultural: cultural values, lifestyle
- technological: technological level of café operation, IT applications
- competitive: operation of other cafés and competition in the industry

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

Marks

6

6 marks**QUESTION 3**

Criteria:

- franchisor's reputation
- restrictions and obligations
- initial joining fee and royalty
- support and assistance offered, e.g. promotion and training
- franchisor's positioning and strategies match own expectation and desire

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

Marks

4

4 marks**QUESTION 4**

(i) Types:

- shares
- bonds
- commercial papers or other notes
- derivatives, e.g. futures, warrants and options
- funds

(1 mark for each relevant type, max. 3 marks)

(ii) Factors:

- expected return, e.g. dividend or coupon rate of the financial product(s)
- risk-bearing ability, e.g. ability to suffer capital loss
- liquidity of the financial product(s)
- time and effort involved in monitoring the investment

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

Marks

3

4

7 marks**QUESTION 5**

- (a) PV of Proposal 1
 $\$2\,000\,000 \div (1.1)^3 = \$1\,502\,630$

PV of Proposal 2

Year	Calculation (\$)	PV (\$)
Beginning of 20X7	600 000	600 000
End of 20X7	$500\,000 \div (1.1)$	454 545
End of 20X8	$400\,000 \div (1.1)^2$	330 579
End of 20X9	$300\,000 \div (1.1)^3$	225 394
		<u>1 610 518</u>

- (b) Mr Wong should adopt Proposal 1 because its time-weighted cost is lower than that of Proposal 2.

Marks

2

3

7 marks**QUESTION 6**

(a) Reasons:

- relatively low selling price
- relatively high production cost
- operating costs are high / control on operating costs is ineffective

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

(b) Comments:

- the liquidity of the business is worse than the industry average
- there are not sufficient liquid assets to meet its immediate debts
- too much capital is tied up in stock

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

(c) Measures:

- provide more generous compensation (more than statutorily required)
- communicate and explain to all workers the reasons for the layoff
- help laid off workers look for other jobs / recommend the good workers to other furniture factories

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

Marks

4

4

4

12 marks**END OF PAPER 1.**

Paper 2A
Accounting Module

General Principles of Marking Descriptive/Discussion Questions

- Where the number of points required is specified in a question, mark the first listed points up to the number required, and cross out other points as 'excess'.
- The answers given in this marking scheme are 'suggestions' only. Other relevant answers will also be accepted.

QUESTION 1

	\$	Marks
(a)		
Purchase cost (800 000 × 80%)	640 000	1
Legal fees related to the purchase	5 200	½
Machine installation and adaptation	7 300	½
Testing	6 500	½
	659 000	1½
(b) (i) Reducing balance method		(4)
(ii) Advantage:		1
– even allocation of total fixed asset usage costs (depreciation and maintenance)		2
– appropriate matching of cost with benefits derived		
		Total: 7 marks

QUESTION 2

		Sales ledger control			
		\$	\$		
½	Balance b/f	46 980	Purchases ledger control	18 410	½
½	Credit sales	408 530	Returns inwards	28 070	½
1	Minority balance c/f	8 000	Cash and cheques received	310 650	½
			Discounts allowed (23 027 - 900)	22 127	1
			Allowance to customer	19 100	½
			Bad debts written off	30 130	1
			Balance c/f	35 023	1
		463 510		463 510	(7)

- (b) The total of the credit balances in the sales ledger should be shown in the statement of financial position under the category of 'current liabilities' as accounts payables.

Total: 8 marks

QUESTION 3

(a)	Cost of raw materials consumed: \$83 800	2
(b)	Prime cost: \$233 600	2
(c)	Production cost of finished goods: \$438 800	2
(d)	Transfer price of finished goods: \$482 680	1
		Total: 7 marks

QUESTION 3 (Cont'd)

Workings

Marks

Lan Yan Manufacturing Company
Manufacturing account for the year ended 31 December 20X6

	\$	\$
<u>Direct materials</u>		
Beginning inventory	40 800	
Add: Purchases	170 000	
	210 800	
Less: Fire Loss	50 000	
	160 800	
Less: Closing inventory	77 000	83 800
Direct labour		60 800
Royalties		89 000
Prime cost		233 600
<u>Factory overheads</u>		
Rent and electricity	75 000	
Depreciation of plant and machinery	90 200	
Factory manager's salary	57 000	
	222 200	
		455 800
Add: Beginning inventory of work in progress		35 000
		490 800
Less: Closing inventory of work in progress		52 000
Production cost of finished goods		438 800
Mark up (10%)		43 880
Transfer price of manufactured goods		482 680

QUESTION 4

Marks

- (a) Advantages: 4
- accuracy – lower chance of making errors as data is entered once only instead of twice or three times as in a manual system; automatic calculations, e.g. totals, averages
 - speed – built-in databases of customers and stock records help speed up data entries
 - availability of information – can track orders, prepare regional sales summaries and forecasts
 - automatic checking – computerised system may check data against information stored in databases, e.g. customers' names, credit limits
 - easy backup of records
- (2 marks for each relevant advantage, max. 4 marks)
- (b) Types of errors: 4
- error of complete omission
 - error of commission
 - error of complete reversal
 - error of original entries
- (1 mark for each relevant type, max. 4 marks)

Total: 8 marks

QUESTION 5

Marks

- (a) **Money measurement concept**
- Financial statements should only record transactions and events that can be measured in money terms.
 - The importance of manager's expertise to the company cannot be ascertained in money terms with reasonable certainty.
 - The value of \$420 000 is an estimate made by Leung and is subjective. Therefore, no record should be made.

1
max. 2

(3)

(b) **Leung**
Trading and profit and loss account for the 3 months ended 31 March 20X6

	\$'000	\$'000	
Sales		1 260	½
Less: Cost of goods sold (2460 × 1260/4200)		738	½
Gross profit		522	
Less: Operating expenses	165		½
Manager's salary	93	258	1
Net profit		264	½

(3)

(c) **Leung and Chan**
Trading, profit and loss and appropriation account for the 9 months ended 31 December 20X6

	\$'000	\$'000	\$'000	
Sales (4200 - 1260)			2 940	½
Less: Cost of goods sold (2460 × 2940/4200)			1 722	½
Gross profit			1 218	
Less: Operating expenses			495	½
Net profit			723	
Less: Partners' salary - Chan		225		1
Interest on capital - Leung	18			
- Chan	9	27	252	½
			471	

1

½

Share of net profit
Leung (2/3)
Chan (1/3)

314

157

471

1

1

(5)

(d) **Capital**

	Leung \$'000	Chan \$'000		Leung \$'000	Chan \$'000	
½ Goodwill adjustment		20	Balance b/f	280		
1 Current	60	-	Goodwill adjustment	20		½
1 Balance c/d (2:1)	240	120	Current	-	140	1
	300	140		300	140	
Balance c/f	240	120	Balance b/d	240	120	

(4)

Total: 15 marks

QUESTION 6

Marks

(a)

Journal

	DR \$	CR \$	
(i) (1) Bank	16 120		½
Profit and loss: overdraft interest		8 060	} ½
Profit and loss: dividend income		8 060	
(2) Deposit on acquisition of motor vehicle	10 000		½
Motor vehicles		10 000	½
Accumulated depreciation - motor vehicles	2 500		½
Profit and loss: depreciation		2 500	½
(ii) Profit and loss: insurance	1 300		½
Suspense		1 300	½
Rates prepaid	5 500		½
Suspense		5 500	½
(iii) Profit and loss: bad debts	10 800		½
Account receivables		10 800	½
Allowance for doubtful debts	540		½
Profit and loss		540	½
(iv) Profit and loss	10 000		½
Inventories		10 000	½

(8)

QUESTION 6 (Cont'd)

Marks

(b)

Healthy Food Company			
Statement of financial position as at 31 December 20X6			
	\$	\$	\$
ASSETS			
Non-current assets			
Office machinery		148 000	
Less: Accumulated depreciation		45 300	
		<u>102 700</u>	½
Current assets			
Inventories (127 600 – 10 000)		117 600	½
Account receivables, net		75 240	1
Deposit (re: motor vehicle)		10 000	½
Rates prepaid		2 750	1
		<u>205 590</u>	
Total Assets		<u>308 290</u>	
CAPITAL AND LIABILITIES			
Capital			
Balance as at 1 January 20X6		114 622	½
Add: Net profit for the year (22 068 + 8060 + 8060 + 2500 - 1300 - 10800 + 540 - 10 000)		19 128	1½
		<u>133 750</u>	
Non-current liabilities			
Bank loan		<u>100 000</u>	½
Current liabilities			
Account payables		68 750	½
Bank overdraft		5 790	½
		<u>74 540</u>	
Total Capital and Liabilities		<u>308 290</u>	

(7)
Total: 15 marks

QUESTION 7

Marks

(a)

Overhead distribution statement

Cost Items	Bases	Total \$'000	Cost Centres		
			Metal work \$'000	Assembly \$'000	Store \$'000
Depreciation (factory building)	Floor area	1000	500	300	200
Supervision	No of employees	900	564	288	48
Depreciation (equipment)	Book value	450	390	60	
Insurance (equipment)	Book value	150	130	20	
Heating and lighting	Floor area	200	100	60	40
		<u>2700</u>	<u>1684</u>	<u>728</u>	<u>288</u>
Secondary apportionment	3500:500		252	36	(288)
		<u>2700</u>	<u>1936</u>	<u>764</u>	<u>—</u>
Absorption rate per labour hour			10	8	

2
2
(4)

(b) Absorption costing approach

Materials	\$	
Metal bar (1000/20 × 8 × \$5)	2 000	1
Plastic board (1000/20 × 4 × \$50)	10 000	½
Direct labour		
Basic pay (1000 × 15/60 × \$20)	5 000	1
Overtime bonus [(250 – 100) × \$20 × 50%]	1 500	½
Overheads		
Metal work (1000 × 15/60 × \$10)	2 500	1
Assembly (1000 × 15/60 × \$8)	2 000	½
Total cost	<u>23 000</u>	
Profit loading (10%)	2 300	1
Invoice price	<u>25 300</u>	½

(6)

(c) Relevance costing approach

Materials	\$	
Metal bar (1000/20 × 8 × \$7)	2 800	1
Plastic board (1000/20 × 4 × \$5)	1 000	1
Direct labour		
Basic pay [(250 – 100) × \$20]	3 000	1
Overtime bonus [(250 – 100) × \$20 × 50%]	1 500	½
Total cost	<u>8 300</u>	½

(4)

- The normal selling price is built on historical cost concept and has little relevance in making decision. 1
- The relevant costing approach looks to the future such that the offer of \$15 per frame should be accepted as it is higher than the cost of \$8.3, at which the firm will make neither a loss nor a gain. 1

(2)

QUESTION 7 (Cont'd)

Marks

- (d) Other factors:
- Other customers may request the lower price charged and the current buyers may ask for the same special offer in future.
 - The firm should be sure they can meet the rush order with premium quality, or the reputation of the firm will be impaired.
 - The competitive state of the market should be considered. The firm may not be able to afford to lose potential customers.
 - There may be limiting factors which will affect the completion of the order.
 - Legal/social implications in relation to the banned materials should be considered.

4

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

Total: 20 marks

QUESTION 8

Marks

- (a)
- (i) Net profit for the year vs net increase in cash and bank balances for the year: max. 3
- Net profit for the year is arrived at matching all expenses and revenues of a particular trading period with adjustments of accruals and prepayments.
 - Cash and bank balances represent the amount of cash in hand and on demand (net of cash inflows and outflows).
 - The business makes profit by converting cash into assets like accounts receivables, inventories, investment, etc. and then converting such assets back into cash.
 - A business wants to get hold of cash in the shortest possible time but to keep the least amount of cash in hand so as to increase the number of trading cycles and hence the trading profits.
- (ii) Bank balance in the cash book vs the bank statement balance as at 31 December 20X6: max. 3
- The cash book makes records from the company's point of view. It debits all cash and cheques deposited into the bank account, and credits bank charges and cheques drawn on payees.
 - The transactions recorded in the bank statement are shown from the point of view of the bank, in that payments are debited and receipts are credited.
 - The balance in the bank statement rarely agrees with the cash book balance of the same date. The discrepancy may arise from:
 - items arising from time differences e.g. cheques issued to suppliers not yet presented to the bank for payment, deposits made by the company not yet credited by the bank
 - errors made by the bank or errors present in the cash book
- (6)
- (b) Gearing ratio:
- Alternative 1
 $1500 / (5100 + 1800) = 21.74\%$ 1
- Alternative 2
 $(1500 + 1800) / (5100 + 1800) = 47.83\%$ 1
- Alternative 3
 $(1500 + 1440) / (5100 + 1440) = 44.95\%$ 1
- (3)
- (c) Earnings per share:
- Alternative 1
 $(3600 - 180) / 300 = \$11.4$ per share 1
- Alternative 2
 $(3600 - 144 - 180) / 200 = \16.38 per share 1
- Alternative 3
 $(3600 - 120 - 180) / 200 = \16.5 per share 1
- (3)

QUESTION 8 (Cont'd)

Marks

(d) Gearing position:

max. 3

- Capital gearing depicts the relationship between equity capital and fixed-interest loan capital (including preference share capital).
- Among the three alternatives, Alternative 1 is less geared (only 21.74% capital was loan capital) than that of Alternatives 2 and 3 (more than 40% capital was loan capital).
- Interest has to be paid half-yearly under Alternative 2 and Alternative 3 requires an annual repayment of 20% of the liability.
- Overall, shareholders bear lower risk under Alternative 1.

Return to shareholders:

max. 3

- Under all three alternatives, the return to long-term capital employed included preference dividend and ordinary dividend.
- Both Alternatives 2 and 3 impose interest burden on the company and can weaken the company's profitability and liquidity position. Shareholders may suffer if the estimated profit is not attained.
- Based on the earnings per share, ordinary shareholders will benefit from the highly geared position under Alternatives 2 and 3.

(e) Non-financial factors:

2

- Responses of potential investors in the market for issue of ordinary shares or debentures.
- Stakeholders' support for the expansion (such as feedback from the workforce, environmental issues, possible changes in the market share, etc.)

(1 mark for each relevant factor, max. 2 marks)

Total: 20 marks

QUESTION 9

Marks

- (a) Direct costs – costs that would be economical to trace their cost object
e.g. purchase cost, cost of stickers, sales commission

1
½

- Indirect costs – costs that would not be economical to trace their cost object
e.g. printing cost, salaries, rent and rates, insurance, depreciation

1
½
(3)

(b)

	Marginal costing	Absorption costing	
Inventory valuation	Only variable costs are charged to units.	Fixed costs are treated as product costs and can be carried forward to the next period in the value of each unit.	2
Income determination	Fixed costs incurred will not be carried forward and the profit of the current accounting period will be lower.	A proportion of the fixed costs of the current period will be carried forward to the next accounting period and therefore the profit of the current accounting period will be higher.	2

(4)

(c) Income statement for the first quarter ended 31 March 20X6

	\$	\$	
Sales [(\$22500 + \$24000 + \$25000 × 170 / 500) × 200%]		110 000	½
Beginning inventories	-		
Purchases (\$22500 + \$24000 + \$25000)	71 500		½
Logo stickers (1500 × \$2)	3 000		½
	<u>74 500</u>		
Ending inventories (330 × \$52)	(17 160)		½
	<u>57 340</u>		
Variable costs: Commission (\$110000 × 5%)	5 500		½
		<u>62 840</u>	
Contribution		47 160	½
Less: Fixed costs			
Printing costs (\$500 × 3)	1 500		½
Salaries [(\$7000+\$1000) × 3]	24 000		½
Rent and rates (\$5000 × 3 + \$3600/4)	15 900		½
Insurance (\$4500/4)	1 125		½
Depreciation [(\$30000 × 12% + \$60000 × 10%) × 1/4]	2 400		½
		<u>44 925</u>	½
Net profit		<u>2 235</u>	½

(6)

- (d) Breakeven sales dollars: Fixed cost / Contribution-to-sales ratio
= \$44 925 / (\$47 160/\$110 000)
= \$104 787

3

QUESTION 9 (Cont'd)

Marks

(e) Reasons:

4

- a platform for self-actualization: the business provides an outlet for Mary to introduce products of her own design
- a form of investment: the rate of return on her business has reached 8%, which is higher than the market interest rate
- an opportunity for self-development: Mary will acquire management skills by developing her business strategies and job design in real situations
- a way to serve the public: Mary may target the needs or interests of minority groups that may well not be served by giant enterprises

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

Total: 20 marks

END OF PAPER 2A

**Paper 2B
Business Management Module**

General Principles of Marking

1. The answers given in this marking scheme are 'suggestions' only. Other relevant answers will also be accepted.
2. Where the number of points required is specified in a question, mark the first listed points up to the number required, and cross out other points as 'excess'.
3. Essay questions require a discussion of the different aspects involved and a maximum mark is set for each point given in the marking scheme.
4. The general guidelines for points which are awarded 1-4 marks each are as follows:
 - 0 mark - irrelevant or ambiguous answers
 - 1 mark - relevant phrases containing key words that answer the question
 - 1½ or 2 marks - a relevant point or answer with a brief explanation of the concept/key words stated
 - 3-4 marks - a relevant point or answer elaborated with illustration of how it is related to the given scenario

QUESTION 1

Marks

Reasons:

6

- identify valuable customers
- provide customized products or services
- offer cross-selling and/or up-selling
- establish long-term relationship with customers so as to increase potential long-term sales

(2 mark for each relevant reason, max. 6 marks)

6 marks

QUESTION 2

Marks

Ways:

6

- right to be informed: provide sufficient information to the consumers about the itinerary (e.g. accommodation arrangements and scenery spots to be visited)
- right to safety: avoid high-risk / dangerous activities
- right to be heard: prompt response to customers' enquiries and complaints about the tour
- right to choose: provide a wide choice of tours

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

6 marks

QUESTION 3**Marks**

4

Methods:

- buy/sell standardized FOREX futures contracts
 - buy call or put foreign currency options
 - enter into agreements on foreign currency swaps
- (2 marks for each relevant arrangement, max. 4 marks)

4 marks**QUESTION 4****Marks**

4

Ways:

- establish a workable credit policy to screen customers before granting credit
 - establish a written policy and let each customer know in advance the company's credit terms
 - establish practice of sending invoices for payment promptly
 - establish immediate follow-up measures for those accounts that are overdue
- (2 marks for each relevant way, max. 4 marks)

4 marks**QUESTION 5****Marks**

6

Disadvantages:

- high administrative cost
 - time-consuming
 - subject to personal bias
 - only a snapshot of the candidate's performance
- (2 marks for each relevant disadvantage, max. 6 marks)

6 marks**QUESTION 6****Marks**

4

Elements:

- communication: explain to staff the mechanics of the system and ensure all of them are duly informed
 - progression: disciplinary measures should be graded e.g. verbal warning, written warning, suspension from duties, summary dismissal or termination of employment
 - documentation: details such as 'breach of disciplinary regulations', disciplinary action taken, employee's self-defense and validity of disciplinary action taken should be sufficiently recorded and dated
 - appeal mechanism: establish clear procedures for appeals
- (2 marks for each relevant element, max. 4 marks)

4 marks**QUESTION 7****Marks**

- (a) (i) Herzberg's dual factor theory: 3
- a command and control environment hampers the satisfaction of hygiene factors and does not cater for motivators; stringent rules and regulations may hinder the satisfaction of higher level needs e.g. growth and development, sense of achievement, etc.

- (ii) McGregor's motivation theory: 3
- mismatch with staff needs: Mr Wong is basically a Theory X entrepreneur who assumes that employees are inherently lazy and will avoid work if they can, but the new staff might have higher career expectations

- (b) (i) Benefits: 6
- enhance staff's commitment to the company
 - enhance knowledge and skills of staff
 - maximize individual productivity and potential
 - prepare staff for changes
- (2 marks for each relevant benefit, max. 6 marks)

- (ii) Steps: 6
- identify training needs
 - devise and implement training programs to meet the training needs revealed in training gap
 - measure the performance achieved after training
 - evaluate the cost effectiveness of the training programs
- (1½ marks for each relevant step, max. 6 marks)

- (c) (i) 1
- | | | |
|-----------------------------------|----------------|--|
| First year | \$100 000 | |
| Second year $\$110\,000/(1+8\%)$ | 101 852 | |
| Third year $\$120\,000/(1+8\%)^2$ | <u>102 881</u> | |
| | <u>304 733</u> | |

As the PV of employing a training professional is less than \$320 000, the cost of hiring a training consultancy firm, the company should choose to employ an in-house training professional. 1

- (ii) Financial factors: 2
- the company is faced with tight cash position
 - high opportunity cost of the amount involved
- (2 marks for a relevant factor, max. 2 marks)

- (d) Non-financial factors: 4
- the range/specificity of expertise involved
 - other supporting factors e.g. venue, staff deployment
 - long term training needs
 - alignment with corporate culture
- (2 marks for each relevant factor, max. 4 marks)

26 marks

QUESTION 8

Marks

- (a) **Strategies:** 6
- risk avoidance: e.g. avoid offering rooms to guests whose identities are suspicious
 - risk prevention/reduction: e.g. protective security system
 - risk assumption: e.g. accept minor damage like broken glasses in food and beverage outlets, or set aside a reserve fund to cover loss
 - risk transfer: buying insurance against theft and fire
- (2 marks for each relevant strategy, max. 6 marks)

- (b) **Causes:** 6
- perishability, e.g. cannot stock up room service to meet seasonal demand
 - intangibility, e.g. poor customer service
 - inseparability, e.g. lack of proximity to prospective customers
 - heterogeneity, e.g. quality level of food and accommodation service is not steady as skills and experience of staff members vary
- (2 marks for each relevant cause, max. 6 marks)

- (c) **Marketing plan:** 8
- situational analysis and marketing objectives, e.g. SWOT analysis, number of members to be recruited
 - selection of target market and positioning, e.g. high-income customers who frequently dine out
 - setting the marketing mix (4P), e.g. competitive membership fee, personal selling, members' privileges, online booking
 - implementation and evaluation, e.g. corrective actions to be taken if there is any deviation between the results and the objectives
- (2 marks for each element, max. 8 marks)

- (d) **Ways:** 4
- reduce prices in off-peak periods to stimulate sales
 - offer value-added services, e.g. free internet service in the rooms
 - change some of the hotel suites into service apartments
 - offer promotion package to local residents during weekends
 - promote other services, e.g. hire of venue for business conferences or exhibitions, food festivals
- (2 marks for each relevant way, max. 4 marks)

24 marks

QUESTION 9

Marks

- (a) **Government assistance to SMEs:** 8
- SME Loan Guarantee Scheme
 - SME Training Fund
 - SME Export Marketing Fund
 - SME Development Fund
- (2 marks for each relevant form of assistance, max. 8 marks)

- (b) **Differences:** 12

	SME	Large corporation
Comprehensiveness and complexity	- Job ranking method is most suitable to SMEs because of its simplicity and non-analytical nature.	- Factors comparison and point methods are sophisticated, quantitative techniques. They are more complex, costly and time-consuming and are mostly adopted only by large corporations.
	- Classification or job grading method is simple, semi-analytical, and inexpensive and might be suitable for both.	
Formalization:	- Job ranking method is the least formalized as it only requires the ranking of jobs from the highest to the lowest. It is often based on subjective judgment and therefore more suitable for SMEs.	- Factors comparison and point methods require the setting up of committees to make precise judgment on selecting key jobs as standard and allocate points to job criteria, etc. - Classification or job grading method also requires the setting up of a committee to develop written definitions for each grade of job.
Flexibility	- Job ranking and classification methods are more flexible as they do not involve complicated administration. Standards may be changed easily by SMEs with fairly homogeneous jobs.	- Factors comparison and point methods require a lot of discussion and objective judgment and take time and money to develop. They will not be changed easily once set up. They are therefore more commonly adopted by large corporations.
Time horizon	- The time horizon of job ranking and classification methods is usually short e.g. one year, as the designs are largely based on impressionistic (or even intuitive) judgment. The criteria may be changed every year. Therefore the methods are more suitable for most SMEs.	- As the factors comparison and point methods take time and money to develop and more objective factors are used in their development, the systems tend to be used for longer periods of time and they are therefore more suitable for large corporations.

(4 marks for each relevant comparison, max. 12 marks)

20 marks