

Paper OL1 - Business Environment for Transport & Logistics

Sample Question 1

- a. What is Freight Forwarder and what are its functions? (10 marks)
- b. What are the key differences between Logistics and Supply Chain Management? (15 marks)

Candidates are expected to discuss the followings:

- Forwarder acts a bridge by helping the shipping of goods from a producer to a consumer. The position of a forwarder plays the role of an expert and collaborates with service providers to perform the middleman functions in the logistics network. Main functions are.... (mostly textbook materials).
- Elaborate the differences between Logistics and SCM. One example is that the main aim of Logistics is full customer satisfaction whilst SCM is to gain substantial competitive advantage.

Sample Question 2

- a. Although logistics outsourcing has the potential to improve effectiveness and efficiency of supply chains, Third-party logistics (3PL) arrangements can easily result in failure. One of the traits of a successful 3PL is having established processes in place, or in other words, standard operating procedures (SOP's). What is Standard Operating Procedure? (5 marks)
- b. What are the benefits from implementing Standard Operating Procedures? (20 marks)

Candidates are expected to discuss the followings:

- SOP is a collection documents (or manuals) defining how an organization carries out duties with an emphasis on resource allocation and management. It consists of administrative policies, procedures, process maps, standards and forms that can be used for reference or training. However, there are different types of logistical structures that determine the formatting of information for an SOP.
- Benefits of implementing SOP include: ease of onboarding, fewer mistakes, reduce training time, enhance operating efficiency, etc. (some further explanations on these benefits will be essential to show the understanding of the candidate with the identified benefits.)

Paper OL2 - Financial Management and Reporting for Transport and Logistics

Sample Question 1

Activity-based costing (ABC) systems refine costing systems by focusing on individual activities as the fundamental cost objects. What are the steps in implementing ABC? Discuss what benefits can a company obtain by implementing an ABC system? (25 marks)

Candidates are expected to discuss the followings:

- Seven major steps in implementing Activity-Based Costing (ABC) (e.g., Step 1: Identify the chosen cost objects)
- Benefits of implementing an ABC system (e.g., ABC system can yield insight into the efficiencies with which various activities are performed. The company can then examine if redundant activities can be eliminated.)

Sample Question 2

A freight forwarder FF specialized in air transport between Hong Kong and San Francisco. It books air shipments on an Airline QQ. FF's fixed costs are \$22,000 per month. QQ charges shipments \$10,000 per trip.

Calculate the number of shipments FF must sell each month to (i) break even and (ii) make a target operating income of \$10,000 per month in each of the following independent cases.

- FF's variable costs are \$350 per shipment. QQ pays FF 8% commission on shipment.
- FF's variable costs are \$290 per shipment. QQ pays FF 8% commission on shipment.
- FF's variable costs are \$290 per shipment. QQ pays FF \$480 fixed commission per shipment.
- FF's variable costs are \$290 per shipment. QQ pays FF \$480 fixed commission per shipment. FF charges its customers a delivery fee of \$50 per shipment.

Comment on the results of (c) and (d). (25 marks)

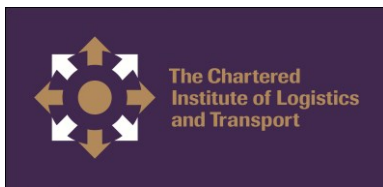
Answers for part (a):

Selling price (SP) = \$10,000 x 8% = \$800 per shipment

Variable cost per unit (VCU) = \$350 per shipment

Contribution margin per unit (CMU) = SP – VCU = \$800 – \$350 = \$450 per shipment

Fixed cost (FC) = \$22,000 per month



Break even quantity (Q) = $FC/CMU = \$22,000 / \$450 = 49$ shipments (round up)

Target Operating Income (TOI) = \$10,000

Break even quantity (Q) = $(FC+TOI)/CMU = (\$22,000+\$10,000)/450 = 72$ shipments (round up)

Answers for (b):

- i. 44 shipments (round up)
- ii. 63 shipments (round up)

Answers for (c):

- iii. 116 shipments (round up)
- iv. 169 shipments (round up)

The reduced commission sizably increases the breakeven point (quantity) and the number of shipments required to yield a target operating income.

Answers for (d):

- i. 92 shipments (round up)
- ii. 134 shipments (round up)

The \$50 delivery fee results in a higher contribution margin (CM) which reduces both the breakeven point and the number of shipments required to yield a target operating income.

Paper OL3 - Marketing and Service Management

Sample Question 1

- a. What is the difference between transaction and relationship marketing? (15 marks)
- b. What should be considered by marketing managers on using transactional marketing? (10 marks)

Candidates are expected to discuss the followings:

- Definitions of transactional marketing and relationship marketing
- Differences between these two marketing techniques (e.g., customer commitment)
- Major issues for marketing managers to consider when using transactional marketing (e.g., low emotional attachment)

Sample Question 2

- a. Service Blueprint is one of the tools to show how service works. What is a Service Blueprint? (5 marks)
- b. What are the components of the Service Blueprint? (5 marks)
- c. Briefly describe the steps building a Service Blueprint. (15 marks)

Candidates are expected to discuss the followings:

- Definition of service blueprint and its key concepts
- Five major components of a service blueprint (e.g., physical evidence)
- Six major steps in building a service blueprint (e.g., Step 1: Identify the process to be blueprinted)

Paper OL4 - Management and Decision Making

Sample Question 1

What are the four basic approaches of companies to social responsibility? (25 marks)

Candidates are expected to discuss the followings:

- Obstructive approach
- Defensive approach
- Accommodating approach
- Proactive approach

Sample Question 2

How to negotiate with logistics service provider for a well-protected logistics-services agreement? (25 marks)

Candidates are expected to discuss the followings:

- Purpose of forming a logistics-services agreement
- Transport procedures
- Define expectations
- Establish the terms
- Manage the relationship
- Scope of services
- Negotiations with transporters in other countries
- Examples of the above

Paper AL1 - Law of Business and Carriage

Sample Question 1

- a. Under the Control of Exemption Clauses Ordinance (CECO), what kind of liabilities can and cannot be excluded by an exemption clause? How is an exemption clause controlled by the CECO? (10 marks)
- b. While Alex was driving his motor car, he chatted happily with his girlfriend sitting next to him. He did not pay too much attention to the road condition. When he approached a traffic light, he did not realize that the red light was on. As a result, he knocked down Bob who was crossing the road after the green light for the pedestrians was on. Bob had suffered personal injuries. Discuss the liabilities of Alex according to tort law. (15 marks)

Candidates are expected to discuss the followings:

- The kind of liability which can be excluded in CECO
- The kind of liability which cannot be excluded in CECO
- The exemption clause controlled by CECO
- The reason why Alex is liable
- The points which Bob has to prove for claiming for damages

Sample Question 2

- a. When a trading company asks a freight forwarder to approach a shipping company with the view to book the ship's space for five containers from Hong Kong to India. As a result, a carriage contract is formed. Explain the contractual relationship of the trading company, the freight forwarder and the shipping company. (15 marks)
- b. At the port of discharge, under what situations that the carrier may exercise his power as an agency of necessity? (10 marks)

Candidates are expected to discuss the followings:

- The possible contractual relationships between any two of these three parties (the trading company, the freight forwarder, and the shipping company)
- Four situations that the carrier may exercise his power as an agency of necessity (e.g., the property of the cargo owner is in danger because of an emergence)

Paper AL2 - Transport Systems and Management

Sample Question 1

“Walking is part of our daily life and it is regarded as one of the most environmentally friendly modes of transport.” Please suggest basic guidelines to the transport planners for planning pedestrian facilities in urban area. (25 marks)

The candidate is expected to provide details in relation to the following guidelines.

- Guidelines on site selection
- Guidelines on planning
- Technical Guidelines

Any other reasonable suggested guidelines would be considered. Examples and relevance to the Hong Kong community will gain some advantages.

Sample Question 2

The principle on financing transport infrastructure development is solely to maintain minimal involvement on public funding. Critically discuss the above statement with examples. (25 marks)

The candidate should state out the standpoint about the statement clearly (agree or disagree). Based on the decision, elaborate the reasons (agreed – streamline the public expenses, private investors have better efficiency; disagree – transport infrastructure development is the Government’s responsible, Government should take the lead, better public transportation expenses control, etc.). In addition, the candidate can take a mutual position, and discuss the pros-and-cons at both sides.

Examples can be the undersea tunnel, MTR/KCR and airport.

Any other reasonable suggestions would be considered. Examples and relevance to the Hong Kong community will gain advantages.

Paper AL3 - Sustainable Transport

Sample Question 1

The major source of noise pollution in Hong Kong is generated from road traffic. Nearly a million of people are suffering from road traffic noise. Discuss FIVE possible measures that may reduce the traffic noise level in urban Hong Kong? Support your answer with reasons and examples. (25 marks)

Candidates are expected to discuss the followings:

- Description of road traffic noise in Hong Kong
- Five possible measures which may reduce the traffic noise level in urban Hong Kong with reasons and examples.
- Possible aspects: legislation, highways, buildings, traffic management, vehicles, etc.
- Possible examples: highway traffic noise barriers, school insulation program, electric cars, etc.

Sample Question 2

Discuss FOUR difficulties in conducting a Cost-Benefit Analysis (CBA) for a transport infrastructure project. Illustrate your answers with examples. (25 marks)

Candidates are expected to discuss the followings:

- Concept of Cost-Benefit Analysis (CBA)
- Four difficulties in conducting a Cost-Benefit Analysis (CBA) for a transport infrastructure project with relevant examples (e.g., one difficulty is shadow price – market prices may not reflect social value – social costs, subsidy and taxation may be hidden inside)

Paper AL4 - Transport Policy and Planning

Sample Question 1

Discuss the role of the scheduled public light bus services (Green Minibus) in Hong Kong. (25 marks)

Candidates are expected to discuss the followings:

- Overview of Green Minibus in Hong Kong
- Major roles of Green Minibus in Hong Kong (e.g., provide a form of scheduled bus service to place where the low demand cannot justify a regular bus service, provide overnight scheduled services, etc.)

Sample Question 2

The goal of transport policy of a city is solely to tackle congestion. It is because congestion is the root of all other transport problems. Critically comment on the validity of the above statement with examples. (25 marks)

Candidates are expected to discuss the followings:

- Concept of congestion
- Impacts of congestion
- To solve congestion is only one of the goals of transport policy
- Other goals of transport policy with elaboration (e.g., economic development, enhance safety, sustainable development, etc.)