

## 2023 GBC Mainland China Final

This assessment has the following structure:

<b>Task</b>	<b>Marks</b>	<b>Number of sub tasks</b>	<b>% of time spent on each sub task</b>
1	25	2	(A) = 60% (B) = 40%
2	25	2	(A) = 60% (B) = 40%
3	25	2	(A) = 40% (B) = 60%
4	25	3	(A) = 32% (B) = 16% (C) = 52%

### Task One

You have received the following email from Irina Juhas, the Senior Financial Manager and your immediate line manager:

**To: The Finance Manager**  
**From: Irina Juhas, Senior Financial Manager**  
**Subject: Potential Opportunity**

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Good morning FM,

I would like you to get involved in an initiative that has recently caught the attention of the Board of Directors.

As you will be aware, we currently have 28 overseas subsidiaries in each of the countries that we operate in, and the Board are committed to expanding this network further.

As a result of our own market research, and that of third parties, we are keen to find a new country that caters for a specific and exclusive customer demographic, namely those who are 50 years old plus.

I have attached a newspaper article that appears to support what our own market intelligence shows. Please review this carefully.

I would like you to draft me a memo that addresses the following two issues:

- Firstly, describe potential demand features of this demographic that would be advantageous to support our proposal to find a new country/location that caters just for them. **[subtask (A) = 60%]**
- Secondly, in light of your ideas above, recommend a range of desirable attributes of a new country that would cater for this growing market. Please justify your ideas in the context of the attached article. **[subtask (B) = 40%]**

Thank you,

Irina

**Task One Reference Material**

# Westland Business Weekly

## *Research shows economic activity being driven by middle-aged generation*

A report published last week by the well-respected and trusted *Institute for Economic Studies* has found that those aged 50 to 60 plus are now the main drivers of economic activity across a range of industries here in Westland.

After a two-year study, the Institute concludes that this particular customer demographic exhibits both high levels of disposal income, along with a willingness to spend greater levels of this income on products and services over a broad range of sectors.

Matt Willis – the author of the report – said; *“Our research uncovered many unusual buying and consumption habits amongst this slightly older generation. For many years, the conventional wisdom was that this consumer demographic was prudent and preferred to save. However, from construction to tourism, these people have money. And are prepared to spend it...!”*

## **Task Two**

You have received the following email from Irina Juhas, the Senior Financial Manager and your immediate line manager:

**To: The Finance Manager**  
**From: Irina Juhas, Senior Financial Manager**  
**Subject: Potential Opportunity**

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Good morning FM,

Thank you for your input and contribution in respect of our proposal to locate a new overseas country. I would like you to continue being involved in this process.

Ordinarily, we would establish a wholly-owned subsidiary in this new country. But there is considerable uncertainty about the longevity and sustainability of this new initiative and new country.

As such, the Board are considering a simpler option of setting up a division rather than a separate legal entity.

In addition to this, the country being considered and appraised – Sunsetland - has many unique features and attributes. I have attached a copy of an article that featured last week in the travel press regarding this.

In light of the above, I would like you to prepare a report that addresses the following TWO issues:

- Describe a range of performance indicators that we could use to assess this new division [**subtask (A) = 60%**]
- Advise of the challenges of collaborating with third party providers, including specific and relevant examples that could apply to our proposal. [**subtask (B) = 40%**]

I look forward to receiving your report.

Irina

**Task Two Reference Material**

# Westland Traveller's Monthly

I was surprised yesterday when Happywell Holidays announced that its new overseas location will be Sunsetland.

If the glossy pictures are to be believed, the resort looks beautiful.

But their choice of location presents several unique challenges. For example, it requires passengers to take an 11-hour flight. Sunsetland also presents notable cultural differences, namely a lack of common language and similar working practices, management and business conventions.

Its infrastructure is underdeveloped; connectivity between the airport and the resort is both dangerous and unreliable. There is no established political relationship between Sunsetland and Westland, and no legitimate and recognised rule of law.

Given the features of this specific country, I suspect Happywell Holidays may very well regret its decision to expand its operations to Sunsetland.

**Task Three**

You have received the following email from Irina Juhas, the Senior Financial Manager and your immediate line manager:

**To: The Finance Manager**  
**From: Irina Juhas, Senior Financial Manager**  
**Subject: Potential Opportunity**

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Good morning FM,

The Board have now agreed that the new structure for Sunsetland will be division, rather than a new subsidiary.

Given the cultural differences that could potentially exist, concerns have been raised about the management and control of the employees in our new division.

In light of these concerns, can you please advise of a range of techniques we could employ to ensure team cohesiveness and motivation at the Sunsetland division? **[subtask (A) = 40%]**

That is not all I am afraid. I have attached an extract of an email from Li (CEO) that I need you to read carefully.

When you have done so, can you describe a range of agreeable terms with the local airport, and how these will contribute to the success of our investment in Sunsetland? **[subtask (B) = 60%]**

If you could prepare a set of briefing notes that addresses the above two issues, I would be grateful.

Regards,

Irina

**Task Three Reference Material**

The following is an extract from Li (CEO):

*...For this to work, we need the full co-operation of the Sunsetland airport authorities.*

*Without very favourable/agreeable operational and logistical terms, this simply will not work.*

*We need preferential treatment for our aircraft, very favourable terms of trade, and their full commitment to the service that our passengers will expect.*

*I hope that our negotiators are prepared – and aware – that we need to agree a broad range of terms before we are ready to sign any contract with them...*

**Task Four**

You have received the following email from Irina Juhas, the Senior Financial Manager and your immediate line manager:

**To: The Finance Manager**  
**From: Irina Juhas, Senior Financial Manager**  
**Subject: Potential Opportunity**

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Good morning FM,

The new hotel in the Sunsetland resort will have the following features:

- Five-star facilities
- Adult only
- Fully all-inclusive
- Butler services
- Business class flights
- Private transfers to resort

At some point today, can you drop me an email that:

- 1) Explains the pricing strategies that we could use in respect of this new product? **[subtask (A) = 32%]**
- 2) Recommends – and justifies – which pricing strategy you think is appropriate? **[subtask (B) = 16%]**

Also, after reading the attached email, can you please:

- 3) Briefly summarise the points that Thomas can use to reply to the Head of the Audit Committee in light of their concerns? **[subtask (C) = 52%]**

Thank you, FM

Irina

**Task Four Reference Material**

The following is an extract of an email sent from the Head of the Audit Committee to Thomas (FD):

...Although I am aware that the new Sunsetland structure will be a division, I am conscious that if this proves successful, we will go on to create a new subsidiary.

I am also fully aware that we already have 28 overseas subsidiaries in respect of our existing operations and structure.

However, as part of my governance responsibilities as Head of the Audit Committee, I would like to be assured that the Group is complying fully with the financial reporting requirements in respect of accounting for subsidiaries, and how this impacts upon our obligations to prepare Consolidated Financial Statements.

To satisfy my concerns, I would like to invite you to the next meeting of the Audit Committee to address the comments I have mentioned above...