

UNIVERSITY OF LONDON
IMPERIAL COLLEGE OF SCIENCE, TECHNOLOGY AND MEDICINE

EXAMINATIONS 2001

BEng Honours Degree in Computing Part III
for Internal Students of the Imperial College of Science, Technology and Medicine

*This paper is also taken for the relevant examinations for the
Associateship of the City and Guilds of London Institute*

PAPER C355

MANAGEMENT - ORGANISATION AND FINANCE

Friday 11 May 2001, 10:00
Duration: 120 minutes

Answer THREE questions

Paper contains 4 questions
Calculators required

Section A (*Use a separate answer book for this Section*)

- 1 You are a manager in an organisation which is about to undergo quite radical change. The people you manage might have quite differing reactions to this. Discuss what factors might cause these different reactions, and in what way they might affect the attitudes of your subordinates to the change. What methods might you use to facilitate the change process? Support your answer with illustrative examples and reference to relevant theories.

- 2 Describe and illustrate what you understand by the terms national and corporate culture. Discuss how national culture might be the cause of management problems for a company seeking to set up a subsidiary in a different country. Reinforce your answer with reference to practical examples and appropriate theories.

Section B (*Use a separate answer book for this Section*)

- 3 Kensington College is about to purchase a site adjacent to the College to be used for the construction of a car park for 500 cars.

The purchase price of the site is £2.75 million, with £1.75 million payable immediately and the balance in 24 months time. The car park could commence operation in two years time if its construction was started immediately. Construction costs have been estimated at £1 million in the first year and £2 million the year after; it may be assumed that these costs will be paid at the end of the year to which they relate.

The car park will be open for all-day parking for 320 days a year. It is expected to operate at a utilisation rate of 75%. The operational life of the car park is expected to be five years. At the end of its life, demolition costs of £200,000 will have to be incurred. The site would then be sold.

The real value of the site is likely to increase by 5% per annum during the lifetime of the project. It may be assumed that all other prices and costs will remain constant.

It has been suggested that parking charges should be set at the rate of £10 per car per day. Users of the car park will be sent monthly accounts for their usage of the car park during the previous month. Accounts are due for settlement immediately.

Determine whether the proposed parking charges will provide the College with an adequate return if College policy is to earn at least 10% per annum on capital employed, and, if so, determine the actual rate of return that will be earned from this venture.

Ignore tax.

- 4 Baltimore Technologies plc provides (electronic) security for e-commerce businesses. At 30 June 2000, its key indicators were:

	£m
Sales (for 6 months)	25.7
Gross profit	16.8
Operating loss	(25.5)
Intangible fixed assets	136.4
Tangible fixed assets	10.1
Debtors	23.1
Cash	101.4
Creditors due within 1 year	34.3
Creditors due after 1 year	-
Shareholders funds	231.9

- a Explain how working capital, gearing and Return on Capital Employed are calculated.
- b Explain what these ratios indicate for Baltimore Technologies.
- c Discuss the possible limitations of these ratios for this particular business.
- d Discuss how a business such as Baltimore Technologies might be valued.
- e Define what intangible fixed assets are and explain how they are valued.
- f Discuss two ways by which employees of such businesses might be encouraged to stay with their employers.

The six parts carry, respectively, 15%, 15%, 15%, 25%, 15%, 15% of the marks