

UNIVERSITY OF LONDON
IMPERIAL COLLEGE OF SCIENCE, TECHNOLOGY AND MEDICINE

EXAMINATIONS 1996

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 3.55

ORGANISATION AND FINANCE

Tuesday, April 30th 1996, 2.00 - 4.00

Answer THREE questions

For admin. only: paper contains
4 questions
3 pages (excluding cover page)

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

- 1 Choose **TWO** of the following topics and write not more than 500 words (approximately 2 pages) on each of them:
- i) Briefly describe the process of interpersonal communication. What are the potential sources of breakdown in communication?
 - ii) When developing corporate strategy, it is essential to do an environmental audit. Briefly define what this is and describe one method of doing such an audit. Illustrate your answer with reference to a particular example.
 - iii) Discuss how, as a new employee, you would assess the power of individuals in an organisation. How would you attempt to acquire a power base for yourself?
 - iv) What is the **classical** or **traditional** approach to management? Discuss briefly the benefits and limitations of this approach.
 - v) What is an appraisal system? What are its benefits? Discuss briefly why appraisal systems often do not work very effectively.
- 2 Answer **ONE** of the following:
- i) What place does the Marketing function have in the present day organisation and what are its responsibilities? By using Levi Strauss, or another case you have encountered, describe how marketers would launch a new product, highlighting some of the problems that might occur.
 - ii) What, in your view, is the relationship between leadership and management? Should leadership style be fixed and unchangeable or adaptable and flexible? Discuss. Reinforce your arguments with reference to appropriate theories and examples.
 - iii) Describe what is meant by **force field analysis** in organisational change. Discuss generally what could be considered the pressures or driving forces for change and the restraining or resisting forces for change. Illustrate this with an example of organisational change you have experienced personally, or use a case study you have encountered in your studies.
 - iv) How would you distinguish between an effective and ineffective manager? Describe the criteria you would apply to assess the effectiveness of a particular managerial job of your choice. Cite theories and examples to support your arguments.

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 5000 cars.

The purchase price of the site is £2 million, with £1 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 250 days a year. It is expected to operate at a utilisation rate of 80%. 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 £1 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.

Turn over ...

- 4 Scottish Hydro-Electric plc advertised its interim results for the 6 months ended 30 September 1995 as follows (extracts):

GROUP PROFIT AND LOSS ACCOUNT (UNAUDITED)

	6 months to 30 Sept 1995	Year to 31 March 1994	1995
	£M	£M	£M
Turnover from continuing operations	388.2	367.4	833.1
Operating profit	64.8	58.5	196.8
Losses from interests in associated undertakings	1.0	0.2	1.8
Profit from ordinary activities before interest and similar charges	63.8	58.3	195.0
Net interest payable	2.1	4.6	7.5
Premium on redemption of bonds	-	18.8	18.8
Profit before taxation	61.7	34.9	168.7

GROUP BALANCE SHEET (UNAUDITED)

	At 30 Sept 1995	At 31 March 1994	1995
	£M	£M	£M
Fixed assets and investments	1,111.0	1,032.2	1,084.2
Current assets less current liabilities	(135.9)	(139.9)	(135.8)
Long term liabilities and provisions	(168.5)	(170.8)	(170.0)
Minority interests	-	(0.1)	-
	806.6	721.4	778.4
Share capital and reserves	806.6	721.4	778.4
Net borrowings	72.2	65.1	102
Gearing	9.0%	9.0%	13.1%

- a) What is the difference between audited accounts and unaudited interim statements?
- b) What are *associated undertakings* and how are they accounted for?
- c) What would the notes to the accounts be likely to tell the potential investor?
- d) What is the significance of Scottish Hydro-Electric plc having net current liabilities?
- e) Explain the concept of *gearing* and whether Scottish Hydro-Electric plc's gearing is good or bad.
- f) Explain the difference between *share capital* and *redeemable bonds*.

End of paper