

UNIVERSITY OF LONDON  
IMPERIAL COLLEGE OF SCIENCE, TECHNOLOGY AND MEDICINE

EXAMINATIONS 2000

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

Monday 15 May 2000, 10:00  
Duration: 120 minutes

*Answer THREE questions*

Paper contains 4 questions

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

- 1a Explain briefly what you understand by the term *motivation*. What is the *content* or *needs* approach to motivation? Describe the needs that should be addressed when motivating employees.
- b An increasingly popular means of teleworking is *telecommuting* where employees work from home with a computer network, fax and telephone. How are the motivational needs of the worker met in this context?

*The two parts carry, respectively, 55% and 45% of the marks.*

- 2 The content of a manager's job is wide and varied. Discuss *three* aspects of the job that, in your view, are important. Reinforce your discussion with reference to the appropriate theories and practical examples.

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

- 3 The managers of Ken's High Street Finance Ltd have been presented with two mutually exclusive investment opportunities. Both involve an immediate expenditure on capital equipment followed by returns over a period of five years. It is expected that at the end of this period the equipment would be disposed of.

The details of the two opportunities (options A and B) are:

	<u>Option A</u>	<u>Option B</u>
	£	£
Initial immediate expenditure:	560,000	1,600,000
Annual net earnings (receipts less costs):	200,000 p.a	500,000 p.a
Value of equipment at end of period:	50,000	400,000

It may be assumed that net earnings are received at the end of each year's operations and are subject to taxation at the rate of 40% p.a. Tax is payable immediately. The amount received from the disposal of the machinery at the end of the five-year period is also subject to taxation at the same rate. The only allowances permitted under current legislation are depreciation allowances whereby the initial capital expenditure may be depreciated over the first four years of a project (using the straight-line method) and offset against annual net earnings during this period. The company wishes to earn at least 12% p.a. from any investment opportunity.

For each of the two options, calculate

- i) the payback period;
- ii) the net present value;
- iii) the internal rate of return.

Prepare a report for management recommending the option that should be adopted (if any) and commenting on the values obtained for the three acceptance criteria considered.

- 4 Carlton (television) and United News (newspapers) have decided to merge their operations.
- a Explain why Carlton and United News would need to compare their accounting policies in advance of the merger. Explain, with examples, what impact differing policies can make on reported results.
  - b Explain the nature and accounting treatment(s) of intangible fixed assets (such as newspaper titles and goodwill).
  - c Explain why both companies might wish to consider moving to a defined *contribution* pension scheme.
  - d Explain what *subsidiary* and *associated* companies are.
  - e Explain the process of “consolidation” of subsidiary companies and associated companies results into “group” accounts.

*The five parts carry, respectively, 35%, 20%,20%,10% and 15% of the marks.*