

UNIVERSITY OF LONDON
IMPERIAL COLLEGE OF SCIENCE, TECHNOLOGY AND MEDICINE

EXAMINATIONS 1998

MEng Honours Degrees in Computing Part IV
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 4.42

MANAGEMENT - ECONOMICS AND LAW

Friday, May 15th 1998, 10.00 - 12.00

Answer THREE questions

For admin. only: paper contains 4
questions

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

- 1 Economists expect a slowdown to occur in *real* UK GDP growth during 1998, in part attributable to the strong value of the currency on the foreign exchange markets.
- a Distinguish between *nominal* and *real* GDP.
 - b Discuss the major reasons why fluctuations occur in the value of a country's currency.
 - c Explain why the strong value of the currency could, in part, be the cause of the expected slowdown.
 - d Discuss the possible effect on the level of investment expenditure in the UK economy of the currency remaining at these high levels.
 - e Discuss the conditions under which the expected slowdown could lead to the onset of a recession.

- 2a Distinguish clearly between *Demand-Pull*, *Cost-Push*, and *Expectational* inflation.

If wage rates in a country always rise in line with inflation, discuss why the government of that country is still likely to give priority to reducing the rate of inflation.

Discuss the long-term benefits for an economy of achieving a sustained level of inflation of 0% pa.

- b Discuss the *economic* arguments for and against granting independence to the Bank of England.

Discuss the effectiveness of using interest rates as a means of achieving both stability of the country's exchange rates and control over inflation.

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

- 3 Wanda is a freelance fashion reporter. Sadly, she has difficulty remembering when and where fashion shows are held. One day she sees an advertisement that reads:

“Never forget the time or the place you need to be! The Organised Organiser Program by Xcom will always remind you of important dates, times and places with its sophisticated Beepo warning system. Call today for one of our qualified programmers to install the Organised Organiser Program on your computer. We absolutely guarantee the success of this Program - so certain are we that it will succeed that we will pay you £5,000 in the event of any failure”

Wanda purchased the program from Xcom and Yvan, their programmer, installed the program on her computer. Unfortunately, an inherent fault in the program meant that the Beepo warning system failed to inform her of the largest fashion event of the year. Wanda was not able to fulfil an exceptionally lucrative contract to report this event.

In addition, Yvan installed a horrifying game on her computer. He meant to remove it before he left her house, but forgot about it. Wanda discovered the game and began to play it. A malfunction in the game caused the computer screen to blow up. The force of the blast knocked Wanda off her chair and she broke her arm.

Advise Wanda.

- 4 Little Angels Information Ltd (“Little Angels”) supply information about consumer preferences to the manufacturers of infant food and formula. Little Angels decide to ‘computerise’ their operation. They contact Wecan Compuservices Ltd to engage a computer programmer. Wecan send Connor to Little Angels. Connor writes a program for Little Angels which performs the following tasks:

- a) it generates survey questionnaires directed to the parents of infants asking about their infant’s food preferences;
- b) it stores the information entered from the answers to these surveys in a special database; and
- c) it can draw specific information from the database and prepare reports directed to particular infant food or formula manufacturers.

The program is a great success and Little Angels conduct several surveys and build a large database, with Connor’s assistance.

Connor, realising how useful the program is, enters into negotiations to sell a similar program to Pet Food Manufacturer’s Association.

Advise Little Angels on their rights and what steps they can take to protect these rights.

End of Paper