


National University of Computer and Emerging Sciences, Lahore Campus

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Student: Name:_____ **Roll No.**_____ **Section:**_____

Instruction/Notes: Attempt all questions on question paper in the space given below each question.

QUESTION1: Beynon-Davies is quoted in the September 1999 issue of *The Computer Bulletin* as saying that ‘information systems is currently at best a semi-profession’.

Discuss this statement by comparing the information systems development profession with other professions such as medicine and law. [4]

Frank Bott : Professional Issues in IT, First Edition Page 21 - 22

QUESTION2: What is the purpose of senate in Pakistan? Also state how the members of senate are constituted? In Pakistan is the Prime Minister the head of state or the President? [2+1]

To balance the national assembly representation, which is based on population.

Members of provincial assemblies elect senators.

President is head of state.

QUESTION3: What are management buyouts? Also discuss if there is any conflict of interest involved in this practice. [3]

It may happen that some of the senior employees of a company decide to purchase the company from its existing owners. This is known as a management buyout. It will usually require a lot of capital to do this and the purchasers will need to borrow this. However, the lenders are likely to demand that the purchasers shoulder a significant part of the risk by raising a substantial amount of capital, for example, by mortgaging their homes. At first sight a management buyout looks praiseworthy – the people who are running the company become its owners. In practice, there are many potential conflicts of interest. The management may run the company down over a period before bidding to buy it, thus reducing its apparent value and the sum they have to pay to buy it. Once they have bought it, they rapidly build the company up again before selling it at a considerable profit.

QUESTION4: What are takeovers and mergers? State possible reasons for takeovers. [4]

Solution at: Frank bott, Professional Issues in IT (2nd Edition) Page 58 - 61

QUESTION5: Discuss why limited company is the most preferred form of commercial organizations? [3]

Solution at: Frank bott, Professional Issues in IT (2nd Edition) Page 21 - 52

QUESTION6: Chose possible option for each. Also briefly justify your answer [2+2+2]

- (i) What characteristic listed below is a major advantage of the matrix system of organization?**
- a. Flexibility
 - b. Respect
 - c. Individualism
 - d. Understanding

Flexibility is considered to be a key advantage of an organisation that is based around project teams (matrix structure)

- (ii) Of the possible advantages of a narrow span of control listed below which one is likely to lead to greater delayering (the action or process of reducing the number of levels in the hierarchy of employees in an organization)?**
- a. Delegation can be better managed
 - b. Those at the top of the organization have less obvious control over subordinates
 - c. Costs can be reduced as certain management functions are no longer needed
 - d. The need for written communication is reduced

The correct answer is C as it would allow for some managerial positions to be scrapped. The others are advantages of a narrow span of control.

- (iii) One of the main advantages of a more 'centralized' system of management is said to be more control over decision-making. Which of the following is used to support such a claim?**
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- a. Greater accuracy in decision-making
- b. It aids consistency and predictability within the organization
- c. The company has a more focused approach to decision-making
- d. Employees tend to be more satisfied with their levels of responsibility

The correct answer is B as the business will be led by the same individuals and their style will form the basis of all major decisions. A could also take place and would be a close second of those listed. C might

also arise and shows just how difficult it is to use just one reason for the adoption of a style of management. However, the 'experts' normally quote B as the most obvious advantage. D is the least likely as employees tend to feel more satisfied when working in a de-centralised environment as they can make more decisions.

Question7: A project generates the following cash flows;

[3+4]

Beginning of years:

1 – (\$100,000) (contractors' fees)

2 – (\$200,000) (contractors' fees)

3 – (\$200,000) (contractors' fees)

End of Year 3 : \$1,000,000 (sales)

Calculate the NPV of the project using a discount/interest rate of 20% per year.

Calculate Payback time.

Also show working for whole process.

Solution:

$$r = 0.2$$

$$NPV = -100,000 - 200,000(1 + 0.2)^{-1} - 200,000(1 + 0.2)^{-2} + 1,000,000(1 + 0.2)^{-3}$$

$$= -100,000 - 166,667 - 138,889 + 578,704$$

$$= \$173,148$$