

matthew Taylor

2:00

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Management - MSX01176 - TAY17837698

Question one

a) 3 years

25% scrap value

7500 scrap value

$$\text{depreciation per year} = \frac{\text{original} - \text{scrap}}{\text{life (years)}}$$
$$\frac{30000 - 7500}{3} = £7500$$

every year the equipment depreciates by £7500 until 3 years later where it's worth the scrap value of £7500.

b) $r = 1 - \left(\frac{S}{C}\right)^{1/n}$

$$r = 1 - \left(\frac{7500}{30000}\right)^{1/3} = 0.37$$

$$1^{\text{st}} \text{ year} = 37\% \text{ of } 30000 = £11100$$

$$2^{\text{nd}} \text{ year} = 37\% \text{ of } 18900 = £6993$$

$$3^{\text{rd}} \text{ year} = 37\% \text{ of } 11907 = £4405.59$$

$$11907 - 4405.59 = £7501.41$$

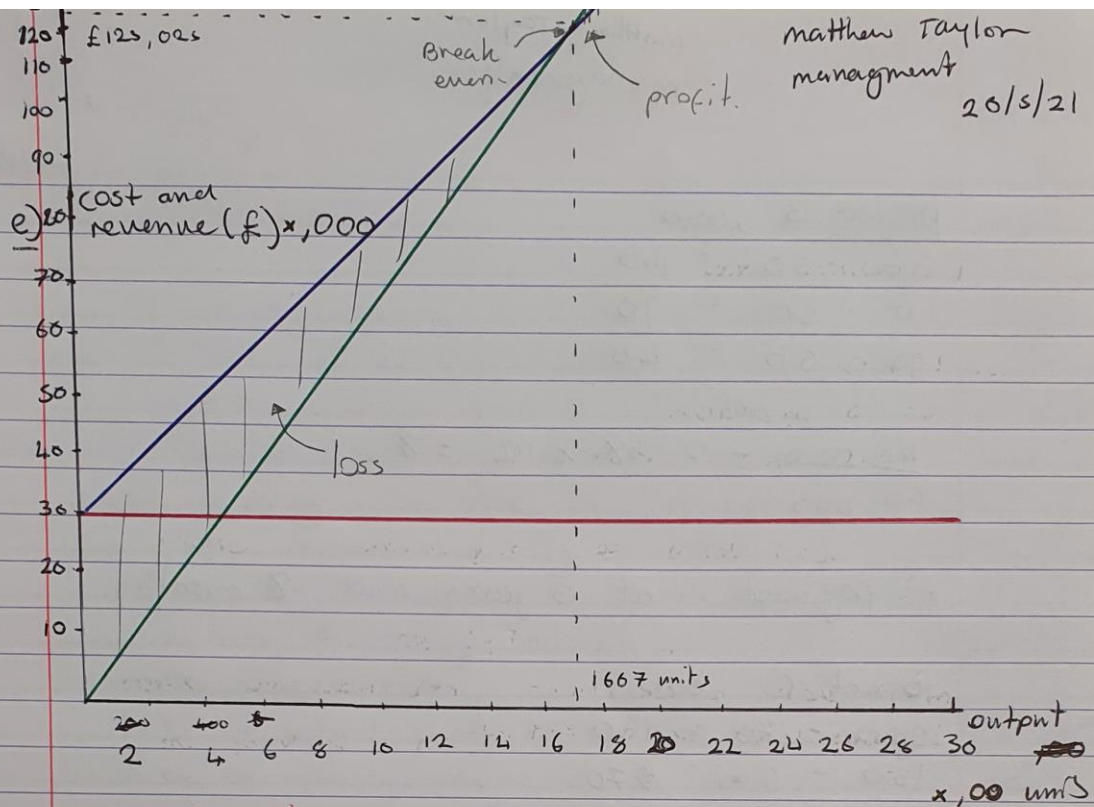
- C) Although the straight line method is easier and simpler ~~to calculate~~ than the ~~depr~~ reducing balance method to calculate, the straight line doesn't account for the increasing repair costs like the reducing balance method does by accounting for value already lost. This is an advantage for the reducing balance as there is little to no change in annual profit ~~or~~ and loss.

The ~~depr~~ reducing balance method would be more suitable for Mr Peterson's case as this is the method used by tax office and likely by his bank.

- D) 30 000 fixed
57 variable
238 ~~200~~ units/month
75 sell/revenue

$$\begin{aligned}\text{contribution/unit} &= \text{selling price} - \text{variable cost} \\ &= 75 - 57 \\ &= 18\end{aligned}$$

$$\begin{aligned}\text{Break-even} &= \frac{\text{fixed}}{\text{contribution/unit}} \\ &= \frac{30\,000}{18} \\ &= 1667 \text{ units for break even}\end{aligned}$$



Fixed cost.

Revenue

Total costs

Question Two

a) project A

~~payback & investment~~
Annual net cash inflow

$$200,000 - 80,000 = 120,000$$

$$120,000 - 50,000 = 70,000$$

$$70,000 - 45,000 = 25,000$$

£25,000 is less than 40,000 so payback occurs during the 4th year

$$\frac{25,000}{40,000} = 0.625 \times 52 = 32.5$$

∴ payback is in 3 years and 32.5 weeks.

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management.

26/5/21

Project B ,000

$$200 - 60 = 140$$

$$140 - 50 = 90$$

$$90 - 50 = 40$$

$$\frac{40\,000}{60\,000} = 0.668 \times 12 = 8$$

∴ payback is at 3 years and 8 months.

Project C ,000

$$200 - 70 = 130$$

$$130 - 60 = 70$$

$$70 - 50 = 20$$

$$\frac{20\,000}{60\,000} = 0.334 \times 12 = 4$$

∴ payback is at 3 years and 4 months

b) present value (PV) = $\frac{\text{cash flow}}{(1 + \text{discount rate})^{\text{time period}}}$

~~$\frac{\text{year 1 cash flow}}{1 + \dots} = \dots$~~

Project A

$$\text{NPV} = -\text{investment} + \frac{\text{year 1 cashflow}}{\text{PV discount}} + \dots$$

$$= -200\,000 + \frac{80\,000}{0.9091} + \frac{50\,000}{0.8264} + \frac{45\,000}{0.7513} + \frac{40\,000}{0.6830}$$
$$\text{NPV} = 66,963,84 \text{ £}$$

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20/5/21

Project B

$$NPV = -200\,000 + \frac{60\,000}{0.9091} + \frac{50\,000}{0.8264} + \frac{50\,000}{0.7513} + \frac{60\,000}{0.6830}$$

$$= £86,901.77$$

Project C

$$NPV = -200\,000 + \frac{70\,000}{0.9091} + \frac{60\,000}{0.8264} + \frac{50\,000}{0.7513} + \frac{60\,000}{0.6830}$$

$$= £140,002.34$$

c) NPV can only be used when the investments are equal and as they are in this case, so i'd recommend project C as it has the ~~largest~~ highest NPV.

d)

Question four

~~motivate and involve~~
~~in the change~~

- a) If an organisation fails to adopt change, then they risk failure. There should always be a reason behind the need to change, and the leader of the organisation will ~~have to~~ need to motivate and involve the people if they wish ~~that~~ the change ~~to~~ to be successfully implemented. By motivating and involving the workers, they will support the leader and make implementing the change easier and have a higher ~~in~~ ~~success~~ success rate.

It's important firstly to analyse the change your thinking of making, looking at the goal, as well as what level of support or resistance you're expecting.

With a plan in place the motivation and involvement can start, firstly with communicating effectively with your team. They will commonly ~~who~~ want to understand why the change is necessary, which can be satisfied by explaining what the plan is attempting to achieve and how they will be affected. When communicating, if you can use clear and positive language, and ~~so~~ create a sense of urgency, by conveying the importance, your team will be naturally more involved and hopefully motivated to support the change.

20/5/21

b) (why they fail)

It's normal for change to be met with uneasiness, confusion, suspicion ~~and~~ or opposition. This resistance can easily lead to change failing and by extension failure in an organisations goals as the changes should be ~~ess~~ based on analysis of internal and external factors affecting the company.

poor management of the employees expectations single-handedly could derail planned change as a real or even perceived loss of power, for an individual, group or department, could cause ~~enough~~ ~~enough~~ enough resistance. Also if employees feel their manager will have more control over them, or if a manager feels they will have less control over the employees. If theres a economical loss, like to there salary, benefits, or impact on job security.

Also poor management of employees expectations when it comes to the work, with the work load as well as ~~the respon~~ new responsibilities being outside their comfort zone.