

MATEUSZ DANIEL SKOCZYLAŚ (1704045)
MANAGEMENT (MSX01176)
15/05/2020 (1PM-3PM)

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Section A
Q1) a)

Project A

Year	Net cash flow £	Cumulative cash flow £
0	(44,000)	(44,000)
1	14,000	(30,000)
2	18,000	(12,000)
3	24,000	12,000
4	8,000	20,000

Payback ~~3~~ years (not fully)
calculating months
 $\frac{24,000}{12} = 2000$

$$\frac{12,000}{2000} = 6$$

Project A payback: ~~2~~ years and 6 months

Project B

Year	Net cash flow £	Cumulative cash flow £
0	(33,000)	(33,000)
1	11,250	(21,750)
2	9,750	(12,000)
3	12,000	0
4	16,000	16,000

calculating months

Project B payback time: 3 years exactly

Q1) b)

$$ARR = \frac{\text{avg annual profit}}{\text{initial investment}}$$

Project A

average yearly profit: £16,000
 investment: £44,000

$$\frac{16,000}{(44,000 \div 2)} = 0.73 \quad 73\% \quad 72.73\%$$

Project B

20.88%

average yearly profit: £12,250
 investment: £33,000

$$\frac{12,250}{(33,000 \div 2)} = 0.74 \quad 74\% \quad 74.24\%$$

Q1 c) discount rate $\Rightarrow$ 13%

NPV

Year	Project A Cash flow (£)	Project A Discount factor	Project A Present value (£)
0	(44,000)	1.00	(44,000)
1	14,000	0.885	12,390
2	18,000	0.783	14,094
3	24,000	0.693	16,632
4	8,000	0.613	4,904

Total cash flow = £48,020

Net present value = 48,020 - 44,000 = £4,020

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Q1) c) continued...

Project B			
Year	Discount factor	Cash flow (£)	Present Value (£)
0	1.00	(33,000)	(33,000)
1	0.885	11,250	9,956.25
2	0.783	9,750	7,634.25
3	0.693	12,000	8,316
4	0.613	16,000	9,808

Total cash flow = £35,714.50

Net present value = $35,714.5 - 33,000 = £2,714.50$

Q1d) I would select project A as it provides a higher net present value at the end of the 4 year project (A: £4020, B: £2714.50), despite slightly lower ARR.

Q1e) project A internal rate of return

~~skipped~~

~~skipped~~

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Q) 1) F) companies have aims and objectives on how to invest, the following are some such as the following:

- Equipment will get worn out over time, thus the costs of replacement equipment have to be considered.
- To remain competitive within a market, companies may choose to take risks, on factors such as costs, & as factors to avoid losing customers. The company must remain competitive in the costs, quality and price.

Section B)
Question 5) a)

- Sponsorship types:
- Programme sponsorship (eg. TV/film)
 - Sponsorship of events (eg. teams series)
 - Sponsorship of famous individuals (eg. Valentino Rossi)
 - Social sponsorship (promoting events in social environments)
 - Arts sponsorships (commissions, competitions etc.)

The organisation could benefit from spending money on sponsorship as it will increase their brand awareness. This means ~~more~~ more customers during long term thus more ~~for~~ income. Short term the return on investment might be negative but long term it usually benefits the company. ~~Other~~ Important factors are:

- Improving relationships
- Building image
- Increase sales.

Q5) b) Strategy to gain sponsorship
using S.O.S.T.A.C model.

• S - Situation analysis

What is the team's current financial situation and what can be offered in return for sponsorship deal.

• O - Objectives

What organisations/businesses can be targeted/asked for a sponsorship deal? How much money is actually needed to run the motocross team?

• S - Strategy

Develop a plan for obtaining a sponsorship and all the details such as the costs and benefits, target audience size, media coverage.

• T - Tactics

Decide on the way of obtaining a sponsorship (eg. through an agency or direct). Furthermore review potential sponsors and their history.

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MANAGEMENT (M5X01176)
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Q5) b) (continued...)

• A - Action

Explore the potential approaches, looking into the potential benefits

• C - Control

monitor and review the situation to ensure the success of gaining a sponsorship. Furthermore, the motocross team should stay in close contact with the sponsor to monitor the impact of the sponsorship

Q5) c)

A sponsorship agreement can be expanded by also including ~~merche~~ selling merchandise directly to customers, increasing both the sponsor organisation ~~over~~ brand image/awareness as well as ~~the~~ increasing the motocross team image/awareness. ~~as so~~ As the ~~the~~ such merchandise can include clothing with motocross team and sponsor logos, thus the customer will purchaser buyer will also be promoting the ~~to~~ team and sponsor to ~~other~~ members of the public.

Another way is to implement social media, promoting the sponsor on social media accounts.

Q7) part 1)

*Intellectual property
and

The Orange donkey should require MDA (non-disclosure agreement) to be signed by new employees/external consultancy companies to ensure that ~~that~~ trade secrets are not exposed. The Orange donkey should also ensure that their novel ideas are not stolen by applying for patents.

Q7) part 2)

a) ~~revi~~ the revised vehicle logo should be protected using copyright. Copyright protects artist images from being copied without permission.

b) ~~A distinctive, stylised wheel design can be protected~~

The ~~in~~ image in this case being the logo. The process ~~implies~~ in UK guarantees the protection of the image for artists lifetime + 50 plus 70 years. It will expire after that time.

~~a~~ b) A distinctive stylised wheel design can be protected through copyright as well as it is a design, with some limitations/concerns as outlined in part a. Furthermore, a design patent should be filled to stop others from copying the distinctive wheel design without permission.

MATEUSZ DANIEL SKOCZYLAŚ (1704045)
MANAGEMENT (M5X 01176)
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Q7) part 2) c)

The novel adaptation of specialised transmission for linking the rear axle to a kinetic energy recovery ~~system~~ storage system using a patent to protect the novel idea. This will stop other people from selling products that copy this novel idea. The main problem with ~~this~~ filing for patents is that different countries have ~~the~~ separate patent offices, which means that if the novel idea has only been patented in UK, someone in China could legally copy this novel idea and use it in their product and sell it in China without any legal problems.