

Section A

Question One:

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Year	Project A £	Cumulative cash flow
0	(44,000)	(44,000)
1	14,000	(30,000)
2	18,000	(12,000)
3	24,000	6,000
4	8,000	14,000

Contribution per month:

$$\frac{24}{12}$$

$$= \frac{166.67}{12}$$

$$= 2000 \text{ £}$$

Month of payback:

$$\frac{12000}{2000}$$

$$= 6 \text{ months}$$

$$= 2 \text{ years } 6 \text{ months.}$$

Year	Project B	Cumulative cash flow.
0	(33,000)	(33,000)
1	11,750	(21,750)
2	9,750	(12,000)
3	12,000	0
4	16,000	28,000

$$= 3 \text{ years.}$$

$\frac{4}{4}$

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b) Annual accounting
Rate of return.

$$\frac{\text{Profit (before)}}{\text{average capital employed}} \times 100 = \text{ARR}$$

Project A:

~~$$\frac{14,000}{4,000} \times 100 = 350\%$$~~

Project A : 1.45%

Project B : 1.48%

- *Project B is 1.48%

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c) Net present value:

Present value = Cash flow x discount factor

Yr	13%	Present value	Yr	13%
0	1	(44,000)	0	1.000
1	0.885	12,390	1	0.885
2	0.783	14,094	2	0.783
3	0.693	~~12,390~~ 16,632	3	0.693
4	0.613	4,904	4	0.613
		42,020		

NPV = Total cash flow - Initial Investment

$$NPV = 42,020 - 44,000 = \pounds 4,020$$

Repeat above process for project B:

Yr	13%		Cash flow	Present value
0	~~0.885~~	1	(33,000)	(33,000)
1	0.783	0.885	11,250	9,956.25
2	~~0.693~~	0.783	9,750	7,634.25
3		0.693	12,000	8,316
4		0.613	16,000	9,808
				~~£~~ 35,714.50

$$NPV = 35,714.50 - 33,000 = \pounds 2,714.5$$

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d) I would select project A because not only does the payback time take 4 months less than project B but the NPV $\propto$ value is also higher by £1305.50. which means that the first project will be over sooner but produce more value.

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e) $IRR = \text{lower discount} + \frac{NPV_a}{NPV_a - NPV_b} \left(\frac{\text{higher discount} - \text{lower discount}}{\text{higher discount} - \text{lower discount}} \right)$

$$= 46.54\%$$

f) Factors that should be considered as part of the ~~decis~~ decision making process include motives, return, confidence and external factors. Business confidence is the state of the economy, whether or not the previous investment has been successful and the existing level of capacity and future order levels. External factors are direct or indirect, the high interest rates may directly affect the cost of the investment.

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Section C.

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a) Types of sponsorship

include programme

sponsorship, arts sponsorship, sports sponsorship, social sponsorship, sponsorships of individuals and sponsorships of events.

An organisation can hope to achieve increasing the brand awareness in order to create more customers and profit an example of this would be Bewiser insurance sponsoring Paul Bird's Ducati team as the top riders were on this team therefore they would always be mentioned and fans would possibly use the brand because it was familiar. Other achievements that come from sponsorship include raising awareness of brands restricted by legislation, changing corporate image and building and enhancing corporate image. On top of this, advantages of sponsorship would be allows access to specific audiences, offers creative opportunities and effects of a sponsorship programme are measurable.

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b) My strategy would be to invite the sponsors to dinner and/or a lovely meeting place within Swansea to present my process and strategy which is as follows.

Firstly, carefully selecting who or what I would think is most ~~appropriate~~ appropriate for the team. Then create a sponsorship plan for the team. Research companies to establish their background and whether they have sponsored companies in the past. I would also ask around to see if any of my connections, colleagues or friends knew any good companies to contact because it's not what you know it's who you know. I would contact the company by the most appropriate method of contact. Obviously, then meet as I have mentioned before.

The most important part of running a sponsorship programme is the S.O.S.T.A.C model as it outlines the need for a sponsorship programme. S being the situation analysis so what point are the team at now, O is the objectives i.e. where do the team want to go or what do the team want to achieve

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S is the strategy so what do we do to get there or how do we get there? T is the tactics, the detail of the strategy. A is the action which is putting the plan into motion. Finally, C is control so monitoring and reviewing, this would be keeping an eye on how the plan is working and if there are any faults to adapt the strategy.

c) Sponsorship can be expanded to include other elements such as online presence and word of mouth.

It can be expanded to include marketing communications i.e. creating, maintaining and reinforcing product awareness. Other elements of the marketing mix include: Trade shows, product placement, merchandising, word of mouth, sponsorship, advertising, public relations ~~etc~~ & direct marketing. ~~with~~ with all of this the sponsorship arrangement is expanded greatly.

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Question 7.

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1. Tactics to ensure no compromise of intellectual property.

When dealing with new employees and external consultant companies we tactics that should be used to avoid compromise would be, what is in need of protection, if it is software or a process that is well known and used then it is pointless protecting it. In short, determine the IP assets of the business. Categorise the sensitivity of the IP's therefore if there is a ~~small~~ piece of intellectual property that is very sensitive it should be managed by those with a need to know reason, ie if the new employee doesn't need to know don't tell them! The same goes with the consultancy company. Internal security and asset management should be used to avoid people who ~~aren't~~ aren't allowed to access it non-access. Finally, vendor contracts should be negotiated with consultancy companies to manage the IP used outside of the business.

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2. To protect the revised

logo I would register

the old and new

logo with the UKCCs.

In ~~an~~ order to prevent anyone

from copying it which is a

potential risk as if the logo is

pirated the business may not

generate the expected income

leading to loss of profit and

possibly the business becoming

bankrupt. I would dedicate a certain

budget for the cost of the copyright

which may be covered by the

share holders.

3. The distinctive stylised wheel in my

opinion is more important

because that may set us

apart from the opposition and

a pirated version of it may lead

to a loss of individuality. I would

apply for a patent in order to

prevent this.

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c. A novel adaptation
of specialised
transmission for
linking the rear

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axle to a kinetic energy recovery
storage system should be protected
by a patent ~~or~~ copyright or
even a trademark as it

is a process that may be exclusive
to this company and any copies
could lead to profit for the opposition
and loss ~~and~~ possibly bankruptcy
for this company.

In order to get a patent you must
apply for the appropriate service to
your country. It can be done
by applying online or through
the post and will cost upwards
of £60?

$\frac{4}{8}$

$\frac{44}{75}$

$\frac{9}{25}$

59%