

M5X02199

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1.)

A, Initial Investment = £44,000

B, Initial Investment = £33,000

4 years

● a.) Calculate payback.

Project A

year		Cumulative CF
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

Year	Project B	Cumulative CF
0	(33,000)	(33,000)
1	11,250	(21,750)
2	9,750	(12,000)
3	12,000	0
4	16,000	+16,000

● Project A Payback = 2 years + x months

Contribution year 3 = 24,000

$$\text{Monthly contribution} = \frac{24,000}{12} = £2,000$$

$$\text{Calculation of monthly payback} = \frac{12,000}{2}$$

= 6 months

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Project B. Payback

= 3 years exactly

$\frac{4}{4}$

b.) Rate of Return

Annual accounting rate of return

$$= \frac{\text{Pre tax Profit}}{\text{Average Capital Employed}} \times 100$$

$$\text{Project A} = \frac{20,000}{44,000} = 0.45$$
$$= 45\%$$

$\frac{2}{3}$

$$\text{Project B} = \frac{16,000}{33,000} = 0.48$$
$$= 48\%$$

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C.) Project A

Year	Cash flow	Discount Factor	Present value
0	(44,000)	1.000	(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

48,020 4026

Net present value = Total cash flow - Initial Investment

$$= 48,020 - 44,020$$

$$= \underline{4,020}$$

Project B

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

6
7

$$= 35,714.5 - 33,000$$

$$= \underline{2,714.5}$$

Net present value = Total cash flow - Initial Investment

$$= 35,714.5 - 33,000$$

$$= \underline{2,714.5}$$

(Page) 4.

d.)

The best option would be project A, because it offers a faster rate of Break even paying back 2 years and 6 months. Also it offers a profit of £20,000 after 4 years. Having said that project B is not far behind.

1/2

e.) IRR.

Cash flow	
(44,000)	1.00
14,000	0.885
18,000	0.783
24,000	0.693
8,000	0.613

3.974%

2/7

IRR to nearest whole % = 4.00%

(Net inflow) = £8,000

NPV = £4,020

F.) The profit that is made on the capital invested

1/3

The payback period. This should be as soon as possible.

14/25

a.)

The objective of sponsorship is to increase brand awareness and enhancing corporate image. Some types of sponsorships are Programme sponsorship such as Films, TV. Sports sponsorship such as ~~Red Bull~~ TAG Heuer in formula 1. ~~Sponsorship~~ Sponsorship can provide a cost effective means of meeting a target audience. For example placing a sponsorship where there's a ~~big~~ large amount of audience is very beneficial for a company. In the 2020 Formula 1 season Red bulls sister company Toro Rosso has been renamed Alpha Tauri. Alpha Tauri is Red bulls clothing, ~~because~~ because of this redbull has made a clever and strategic move that will raise the awareness of there clothing line to millions of viewers worldwide.

6/8

b.)

S - Situation, where are we now? What events? Which championship? Which motorcycles to use and contact manufactures / local dealers for sponsorship.

O - Objective, To achieve funding to run the programme. How much funding required?

S - Strategy, Who do we need to contract. Develop a sponsorship plan. Research companies.

T - Tactics, what type of advertising the sponsor logo would be appropriate. Raise brand awareness.

A - Action. Putting the plan to work
Contacting potential sponsors with a action plan.

C - Control. Monitoring and reviewing. Provide feedback to sponsors. Analysis of funds and the future funding requirements. Gain feedback from sponsors on the results.

$\frac{5}{9}$

C.)

In addition to placing sponsored logo on bike / vehicles. Competition bikes can be loaned / used by sponsoring companies during open days, & 'sales promotion'. Business events e.g. Wales Rally GB cars used for promotion exercises, or even product placement on films such as Audi in the Marvel movie franchise.

$\frac{4}{8}$

$\frac{15}{25}$

a.)

The first stage is to identify and set objectives and goals for the team, and then to identify key skills and experiences from them and to place them relevant roles. Also to identify appropriate leadership that will support, ~~and~~ enthuse, monitor and review staff. Ensure that motivation and wellbeing of ~~at~~ individual, these steps can improve work capacity and overall work efficiency of a team.

1/4

b.)

i.) For vehicle development and testing a head of motorsport team would need to set clear objectives and goals. Evaluate other teams to compare and analyse where they are and what needs to be done to improve. ~~Should be~~ Explores new ideas and possibilities.

2 1/2/5

ii.) A head of team should have to be a good communicator e.g. when agreeing a sponsorship with a company. Thinks carefully and ~~carefully~~ accurately about potential advertising and sponsorship. Financially skilled, and original and ~~re~~ creative.

2 1/2/5

iii.) Should possess good problem solving skills and good communication, being a good listener. Knowing what to do under pressure, well organised. Being strategic on a race weekend to have the upper hand over the other competitors. And supporting and encouraging others in order to get the best out of each individual. A good example of a figure like this is Ross Brown. $2\frac{1}{2}$

C.) Two models of motivation is Herzberg and Maslow. Where as social belonging self esteem and self actualisation are the esteemed ~~self~~ as motivators. The leader can concentrate on the social belonging of the team to provide positive attitude. After a disappointing test session ~~and~~ ~~positive season~~ ~~an improve~~ ~~no~~ an improvement in ~~performance~~ ~~performance~~ performance is always possible.

Another model of motivation is the Expectation where expectation of satisfaction leading to performance to reward can be used to enthuse and ~~or~~ motivate the team after a poor performance. $\frac{2}{6}$

$$\frac{30\frac{1}{2}}{75} = 53\%$$

$$\frac{10\frac{1}{2}}{25}$$