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Complete, fold and seal
(see note 2 below)

SURNAME:

Ivory

Examination Answer Books

12 Págs.

FORENAME(S):

James

Instructions to Candidates

1. Please give the information requested in the boxes below.
2. Enter your name in the space provided to the right, fold over and seal down (using the label provided) to hide your name.
3. The answers must be legibly written. The Examiners can either ignore illegible script or have it typed and the expense of typing charged to the candidate.
4. Write your answers in ink.
5. Begin each answer on a fresh page. Do all rough work in the answer book and cross it through.
6. No part of this book is to be torn out; it must be handed in complete.
7. If more books than one are used, fasten them together using the tags available from the invigilator(s).
8. Every book must be handed in. In no circumstances may answer books, used or unused, be taken out of the examination venue.

1	Student Number	IVE20857781
2	Title of Examination Paper	Management Innovation & Sustainability
3	Module Code	GOEN5001
4	Date and Time of Examination	06/05/25 PM
5	Examination Venue	Ward 2 Hall GCS
6	Seat Number	A2

7	Number of Answer Books handed in	
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[illegible]

RK

$$\frac{32}{75} = 43\%$$

1. 3 years. Salvage of 25%. £30,000 total.

$$25\% = £7500$$

~~Reducing balance~~ method.

a) Straight line method

$$\frac{\text{Total} - \text{Salvage}}{\text{years}} = \frac{£30,000 - £7500}{3}$$

$$\text{Depreciation per year} = £7500$$

After 3 years = £7500

$$£22500$$

(3)

b) Reducing balance method

$$25\% = £7500$$

$$\text{After year 1} = £22500$$

$$£22500 \times 0.25 = £5625$$

$$\text{After year 2} = £16875$$

$$£16875 \times 0.25 = £4218$$

$$\text{After year 3} = £12657$$

X

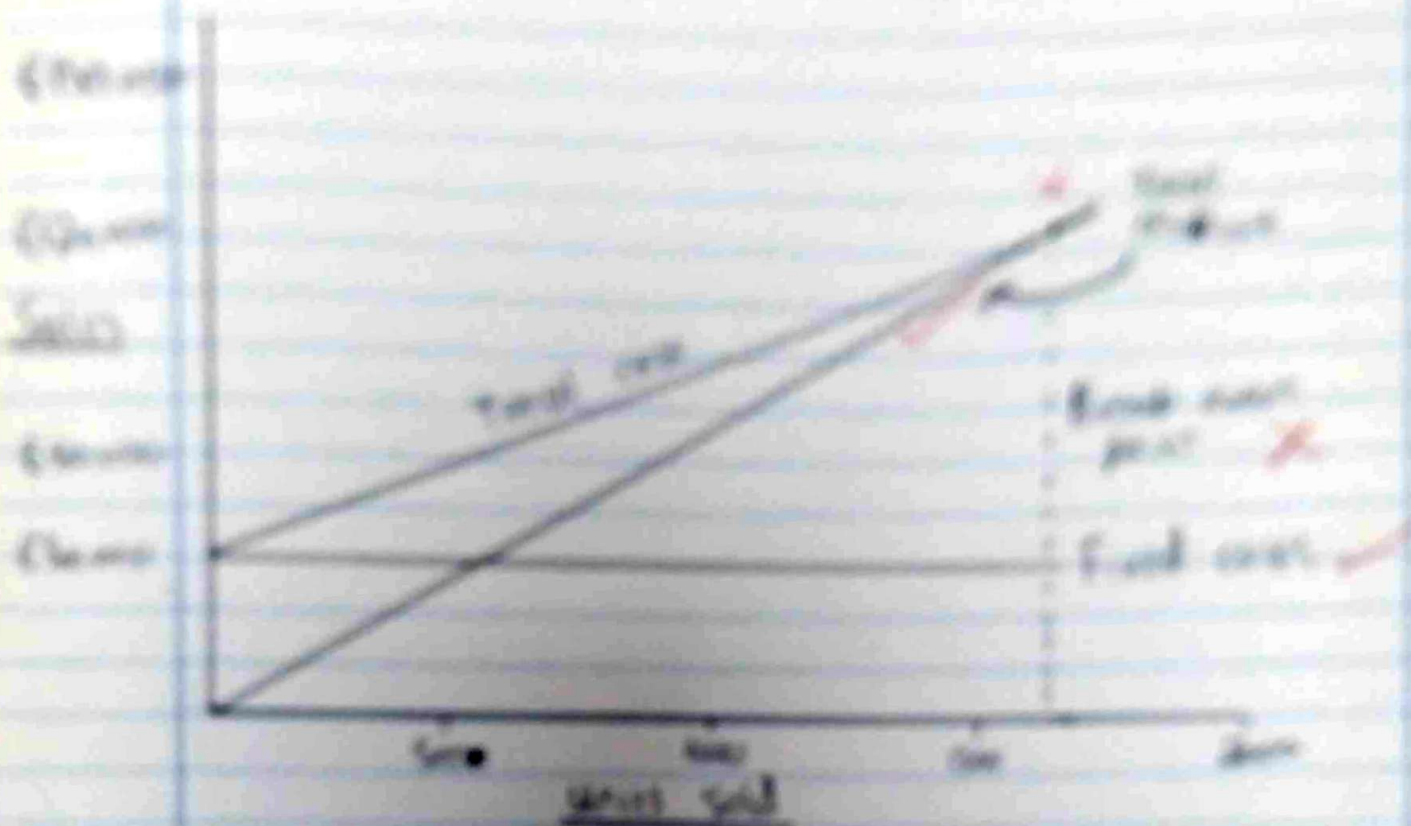
(c)

c) The reducing balance method gives high costs for equipment at the start meaning less profits. This means more profit as time goes on. ✓

The straight line method shows consistent costs for equipment. Both methods of depreciation are appropriate for use but the straight line method is better. It is better because after 3 years the equipment is being sold for £7500. The reducing balance method worked out to be £12,657 after 3 years, meaning the business would lose this money. ✓

(2)

1.1) Draw and label a break even chart



$$175 \times 1667 = £125,025 \text{ (Revenue)}$$

$$57 \times 1667 = £95,019 + £30,000$$

$$= £125,019 \text{ (Total costs)}$$

2 Investment = £200,000

a) Project A

Year	Revenue	
0	~~Revenue~~	X
1	~~Revenue~~	
2		
3		
4		

Year	Cash flow	Revenue	
0	-200,000	-200,000	✓
1	80,000	-120,000	✓
2	50,000	-70,000	✓
3	45,000	-25,000	✓
4	40,000	15,000	✓

Payback = $\frac{25,000}{40,000} = 0.625 + 3 \text{ years}$
 $= 3.625 \text{ years}$

Project B.

Year	Cash flow	Revenue	
0	-200,000	-200,000	✓
1	60,000	-140,000	✓
2	50,000	-90,000	✓
3	50,000	-40,000	✓
4	60,000	20,000	✓

$\frac{40,000}{60,000} = 0.66 + 3 \text{ years}$
 $= 3.66 \text{ years}$

2a) Project C

Year	~~cash~~ Cash flow	Revenue cash flows
0	-200,000	-200,000 ✓
1	70,000	-130,000 ✓
2	60,000	-70,000 ✓
3	50,000	-20,000 ✓
4	60,000	40,000 ✓

$$\frac{20,000}{60,000} = 0.33 \text{ } + 3 \text{ years} \quad \times$$

$$= 3.33 \text{ years.} \quad \times$$

b) Calculate net present value

Project A

~~NPV~~ $\text{NPV} = \frac{\text{Total investment}}{\text{Year 0}} = \frac{198,000}{1}$

Year 1 = ~~£100,000~~ $\times 0.9091$
~~£90,910~~

Year 2 = ~~£70,000~~ $\times 0.8264$
~~£57,848~~

Year 3 = ~~£25,000~~ $\times 0.7513$

$\text{NPV} = \frac{\text{Total investment}}{\text{profit}} = \frac{200,000}{175,176}$

Project A

Year 1 = $80,000 \times 0.9091$
 $= £72,728$ ✓

Year 2 = $50,000 \times 0.8264$
 $= £41,320$ ✓

$\frac{1}{1.05} = 0.9524$
 $\frac{1}{1.05^2} = 0.9070$
 $\frac{1}{1.05^3} = 0.8638$
 $\frac{1}{1.05^4} = 0.8227$

Total = £175,176

NPV ~~MA~~ £210,000 - £175,176
 = £34,824

Project B

Year 0 =

Year 1 = 60,000 × 0.9091
 = £54,546

Year 2 = 50,000 × 0.8264
 = £41,320

Year 3 = 50,000 × 0.7513
 = £37,565

Year 4 = 60,000 × 0.6830
 = £40,980

Total = -£174,411

NPV = £200,000 - £174,411
 = -£25,589

③

Project C

Year 0 =

Year 1 = 70,000 × 0.9091
 = £63,637

Year 2 = 60,000 × 0.8264
 = £49,584

Year 3 = 50,000 × 0.7513
 = £37,565

Year 4 = 60,000 × 0.6830
 = £40,980

200,000 - 191,766

NPV = £8,234

Total = £191,766

③

1. The first part of the document
describes the general situation
of the country and the
state of the economy.
2. The second part of the document
describes the state of the
economy and the state of the
economy.

3. The third part of the document
describes the state of the
economy and the state of the
economy.

3.a) Businesses use price discrimination in many different cases and scenarios. There are three ~~degrees~~ degrees of price discrimination.

The first degree is based ~~on~~ entirely on a person. For example, car insurance companies use this to determine their prices for you. The type of things they look at is car value, age of driver, how long you have held your license and how much you will use your car. (2)

The second degree of price discrimination is controlled by usage and the amount. If a person, or company, is looking to buy something in bulk usually there will be a discounted price for them. This is an example of the second degree of price discrimination. Another example is mobile phone companies will charge the ~~var~~ customer more on their usage of mobile data, calls and text. The more a customer uses the more they have to pay. (2)

The third degree of price discrimination is based on ~~the~~ location. Electricity companies use this to evaluate their prices for customers. If you live in a populated space then you could get a cheaper price than someone who lives in an unpopular area. Although, this can change, if the area becomes too popular and the product ~~is~~ is selling very well in an area the price will raise. (2)

Businesses use price discrimination to find the most fitting price for your current situation.

3B) Price discrimination is used in lots of areas.

In the technology space prices of products released are initially high as there is high demand.

For example, ~~apple~~ apple releases a new phone with new features never seen before. Customers will want this new phone for its features.

A company, like Sky or Virgin media, will charge customers for wi-fi based on their usage and internet speeds. ~~There~~ This is an example of the second degree of price discrimination.

2

Life insurance companies base their pricing from a few variables. Some variables include age, past events, health issues and use of substances.

3a) The third degree of price discrimination is also based on target groups like OAPs and student. These 2 groups are the most popular cases used in price discrimination but there are other cases like children discounts.

3b) Holiday booking companies a lot of the time do deals where "kids go free" or add discount.

