

**CORK INSTITUTE OF TECHNOLOGY
INSTITIÚID TEICNEOLAÍOCHTA CHORCAÍ**

Autumn Examinations 2011/12

Module Title: Financial Management 3B

Module Code: BULD7011

School: Building & Civil Engineering

Programme Title: Bachelor of Science in Construction Management - Award
Bachelor of Science in Quantity Surveying - Award
Bachelor of Science (Hons) in Construction Management - Award
Bachelor of Science (Hons) in Quantity Surveying - Award

Programme Code: CMNGT_7_Y3
CCECO_7_Y3
CCNMG_8_Y3
CQTSU_8_Y3

External Examiner(s): Mr G. O'Rourke, Mr N. Dempsey, Mr. T. Cahalane, Ms R. Scully
Internal Examiner(s): Mr Denis Coveney

Instructions: Answer **THREE** questions.

Duration: 2 Hours

Sitting: Autumn 2012

Requirements for this examination:

Note to Candidates: Please check the Programme Title and the Module Title to ensure that you have received the correct examination.
If in doubt please contact an Invigilator.

- Q1. Your company has decided to purchase an item of plant, it is considering;
- (i) Higher Purchase (11 marks)
 - (ii) Finance Lease (11 marks)
 - (iii) Operatory Lease (11 marks)

Set out a report on each option.

- Q2. Discuss Receivership of a company under the following headings:
- (i) How a receiver is appointed (13 marks)
 - (ii) Consequences of Receivership (13 marks)
 - (iii) Removal of a Receiver (7 marks)
- Q3. Discuss the steps a firm, which is planning for growth, can take involving invoice discounting in order to help the working capital position. (33 marks)
- Q4. A speculative developer is considering purchasing a site for the construction of 20 detached houses size 130 m² each. The selling price of each house is €500,000. The cost of the land including legal fees/charges and stamping is €2,000,000 – the land is purchased 1 year prior to commencement of building work. The developer requires a profit of 20% of the Gross Development Value (GDV).
- Note:
- (1) Current interest charges to the developer are 8%
 - (2) A building period of 2 years will be required
 - (3) An allowance of 10% should be made for design, QS and supervision fees
 - (4) An allowance of 4% should be made for legal and estate agents fees
 - (5) The developer is anticipating a building cost of €1,500/m².
- Your client has asked you to advise them as to the amount available for building costs they should proceed with the project.
- (33 marks)