

OCR F297 June 2011 Mock Paper 3

Data available on the day of the exam:

At a recent shareholders' meeting, several of the original investors expressed a desire to sell their shares. When BPL was originally set up, 5000 shares were issued at a price of £100 each. Since then, the business has grown and the value of the land and buildings has appreciated. The company has also retained some of the profits it has made.

- BPL have reported a net profit of £250,000 and plan to pay a dividend of £50,000.
- BPL employ a total of £4m of capital.

1 a) Calculate three shareholder ratios (dividend per share, dividend yield and price/earnings ratio) and Return on Capital Employed at BPL. [13]

b) Discuss the extent to which BPL's strategic plans may be influenced by an analysis of their current financial position. [18]

2. Evaluate the extent to which there should be anxiety that the fortunes of BPL are increasingly reliant on "peripheral income streams" (line 125). [18]

3. Should BPL's shareholders decide upon a set of specific objectives for the period 2011 to 2016? [18]

4. Evaluate the main obstacles to implementing change at BPL. [23]